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Conflict-performance relationships in international joint ventures

The moderating effects of conflict resolution strategies

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ABSTRACT:

As international business continually becomes more viable for organizations around the world and international joint ventures (IJV) become increasingly more common in the business landscape, understanding what both drives them and hinders them is crucial. Moreover, since IJVs are fundamentally built upon a relationship between firms, comprehending the internal elements of conflict in IJVs and how this conflict affects the performance of these business unions are crucial. Although several studies have studied international joint ventures from a wide variety of different perspectives, no significant studies related to the moderating role of conflict resolution strategies pertaining to the conflict-performance relationship in IJVs have been undertaken.

Thus, this study aims to help shine a light on the moderating impact of four distinct conflict resolution strategies, namely, problem-solving, compromising, forcing, and legalistic, on IJV conflict and the related metric of IJV performance. Accordingly, to help establish a strong literature-based understanding of relevant concepts, the theoretical portion of the thesis literature is reviewed addressing the denotational and conceptual backgrounds of conflict and performance in IJVs and the four aforementioned moderating variables. In this review and analysis of the existing literature, care was taken to ensure that the denotational underpinnings of the key issues of the study, including the relationship undergirding the conflict-performance relationship in IJVs, were thoroughly discussed and analyzed within the context of leading theories and literature in the field of IJV research.

The empirical section of this study features responses gathered from a survey of 89 Nordic IJVs covering questions related to IJV conflict, performance, and each IJVs use of the four conflict resolution strategies. An SPSS regression analysis was conducted to test the five hypotheses formulated about the moderators and gain a better understanding of the nature of conflict and the moderating variables in IJVs. As a part of this analysis, the responses from the Nordic IJVs were divided into smaller subgroups of respondent IJVs that applied certain conflict resolution strategies and those that did not apply the strategies. By conducting the regression analyses and comparing the results between the two subgroups for each of the four strategies, results were calculated that gauged the impact of each moderating variable on IJV performance. Ultimately, the statistical results supported the presence of a negative relationship between conflict and performance in the IJVs observed, supported the positive impact of two moderating variables, and supported the negative impact of two other moderating variables on the dependent variable of IJV performance, thus demonstrating strong evidence in favor of the hypothesized moderating impact of the four conflict resolution strategies.

KEYWORDS: International joint venture, Conflict, Performance, Conflict resolution strategies, Problem-solving, Compromise, Forcing, Legalistic.

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1 Introduction

1.1 Background of the study

In today's increasingly modern and international business environment, the act of businesses globalizing and expanding beyond the borders of their home nation is becoming increasingly common. Of the many ways that a business may choose to internationalize, more and more businesses are electing to form international joint ventures (IJV) (Elo 2009). Although entering into an IJV business union can be of immense benefit for a firm, operating in an IJV can be complex (Nippa & Reuer 2019). For this reason, companies working with new entities across national and cultural borders as a part of an IJV's operation are at high risk of encountering conflict (Nguyen, Larimo & Ali 2015; Shenkar 1990). Since such transnational business interactions continue to shape the contemporary commercial environment and can result in immense growth opportunities for both firms and nations alike, it becomes crucial to find and utilize methods of assuaging tensions between parties in IJVs.

In this way, parties can strive to mitigate the risk and potential losses that may stem from a failed international joint venture. Such methods encompass a wide array of both traditional and novel approaches but continue to both define the contemporary climate of conflict management. Moreover, these methods also continue to shape how companies address major conflicts and concerns that can easily arise when doing business with counterparts that come from culturally, institutionally, and operationally disparate backgrounds, even among greenfield and acquisition-based IJVs (Newbury & Zeira 1997; Leeds 1997).

Thus, as such conflict is ubiquitous within the field of international business, it is also imperative to understand the potential relationship that exists between the conflict and performance in international joint ventures and performance. Furthermore, as one investigates the extant conflict management approaches that have become staples of

modern international management, the need for definitive information regarding how conflict can shape a company and the way it operates within the context of performance becomes increasingly important.

Delving further into the area of research regarding the relationship between conflict and performance in international joint ventures can also shed additional light on the topic (Fey & Beamish 2000). As companies from widely disparate cultural, social backgrounds begin to interact and build more comprehensive relationships with each other, conflict arising from these disparities often arises. In this respect, understanding more about conflict-performance relationships is unequivocally crucial for contemporary managers and businesses alike, as avoiding such problems can be the key to unlocking more successful business relationships. In exploring the relationships between the phenomenon of conflict in business and the related performance of international joint ventures, it is crucial to establish and understand what is meant in terms of conflict, the different forms of conflict management, the factors impacting performance, and the ways that such a performance is measured and affected by conflict.

Another crucial point of consideration is that in the current body of literature in the field of international business and management, many sources have explored the meaning of conflict, the ways that conflicts arise and are resolved, and the related ideas of performance and control within international joint ventures (Habib 1987; Demirbag & Mirza 2000; Fey & Beamish 2000). However, there is a notable lack of detailed empirical research that expounds upon the potential relationships between conflict and performance in international joint ventures between firms, especially as the IJVs and the field of IJV research continue to change and evolve (Nippa & Reuer 2019). More specifically, different empirical studies in the current body of literature often present different conclusions related to the positive or negative nature of conflict in IJVs (Liu, Fu & Liu 2009; Hyder 1988; Chan, Luk & Wang 2005). This effectively creates ambiguity within the existing field of knowledge and may lead to confusion in practical business contexts. For this reason, to gain a better comprehension of such a crucial element of

modern international business, this study aims to ascertain the true nature of the conflict-performance relationships.

Additionally, while many previous studies have focused on conflict or performance in international joint ventures, they often studied these phenomena within a context that often failed to explain and map potential patterns and links between conflict and performance and frequently studied these variables individually, as seen by the notable and oft-referenced studies by Ding (1997), Fey and Beamish (2000), and Habib (1987), among others. Furthermore, the number of potential moderating factors and the styles of previous studies have produced data that yields ambiguous findings that do not provide definitive conclusions surrounding conflict in international joint venture structures.

In order to reconcile this outward lack of consistent data on the subject, this study aims to provide further empirical information and interpretations of conflict-performance relationships within the bounds of a theoretical framework which further explains and undergirds concepts related to how companies confront, assess, and manage conflict and performance in their respective firms. Moreover, in this context, one can establish a preliminary understanding of the phenomenon of conflict as a social phenomenon within the conflict of social exchange theory (Steensma, Barden, Dhanaraj, Lyles & Tihanyi 2008).

Therefore, to gain a better understanding of the relevant types of conflicts and what effects they have on the ability of firms to perform in international business contexts, this thesis aims to present quantitative data in order to further explore the relationship present between these core factors of international business in IJVs. In order to address the research gaps and extant issues in the field of business studies, this thesis aims to explore and quantify data about IJVs operating across the world and how their levels of performance are affected and shaped by conflict. Additionally, this study aims to incorporate the novel approach of considering moderating effects on the conflict-

performance relationship in IJVs, which has not been investigated thoroughly in previous studies of IJV conflict. In this way, the context and core subject of this study takes the gaps and shortcomings of pre-existing studies in the field of IJV research and introduces moderating factors rooted in conflict resolution strategies to provide a unique facet and perspective to existing knowledge (Lin and Germain 1998; Lu 2006; Nguyen & Larimo 2011). In effect, this will help establish a clearer and more consistent portrait of the relationship between conflict and performance in IJVs while mapping how certain conflict resolution strategies affect this core relationship.

1.2 Research question and objectives of the study

Taking into consideration the background of the study and its purpose of facing a research gap that currently exists in the field of international business management, it is of paramount importance to ensure that the right research question and research goals are established from the outset in order to ensure that the quantitative data analyzed by the thesis can address the right issues. This is especially important when considering the outwardly complex and multifaceted phenomenon of conflict and IJVs, which is complicated further by the need to observe how such conflict affects IJV performance. Therefore, in order to get to the core of the concept being studied, the following research question was created for the thesis' research:

What is the impact of conflict on international joint venture (IJV) performance, and how do conflict resolution strategies moderate the relationship between conflict and IJV performance?

The issues at the heart of this research question--including meaning and context of conflict, performance, and the strategies used to resolve conflict in IJVs will be investigated in the thesis' study of Nordic IJVs and their experiences with conflict from a quantitative perspective. In this way, the research aims to yield clear interpretative results about conflict and performance in IJVs and a relevant answer to the question

posed for this research. Moreover, studying IJVs and the actions of multinational companies that engage in markets outside of the Nordic region and even outside of Europe will also provide further opportunities for substantive learning. In truth, as conflict and its effects on IJV performance are not geographically confined, a study that observes this phenomenon and contextualizes it within the field of existing knowledge should reflect this by studying an assortment of geographical areas (as seen in the research of this thesis).

In this respect, to help achieve the goals established in addressing the research questions, an unambiguous research objective must be presented. After duly considering the requirements associated with answering the research question through theoretical and methodological approaches, the research objective was narrowed to the following:

The primary objective of this thesis is to investigate the relationship between conflict and performance in international joint ventures with the moderating effects of conflict resolution strategies.

Through proposing the aforementioned research objective, the process of addressing the main topic and query at the center of this thesis' research can be more effectively guided to yield novel theoretical knowledge specifically pertaining to how IJV performance and conflict relate to one another within the confines of conflict resolution strategies, thus creating a distinction between this thesis and previous studies and literature in the existing body of research.

Furthermore, to further elucidate the research objectives needed to ensure the presence of a detailed foundation for further theoretical findings and to provide for an adequately structured and focused thesis, four distinct sub-objectives were formulated to undergird the aims of the central research question, each of

which corresponds to a central goal of the thesis within the framework of its overarching aim to address the research question:

1. *To increase the understanding about the conceptualization, motives, characteristics, and performance of IJV*
2. *To increase the understanding about the conceptualization of conflict and different views and types of conflict*
3. *To explore the impact of conflict on IJV performance with the moderating effects of conflict resolution strategies*
4. *To empirically investigate the conflict-performance relationship in international joint ventures with the contingent effects of conflict resolution strategies*

By establishing a framework in the form of clear, attainable sub-objectives, the study will be given a degree of completeness by the use of a straightforward approach to yield new insights about the conflict-performance relationship in IJVs. Additionally, an approach of interpreting results from a large number of employees from several Nordic-based IJV participant firms also allows for the study's objectives to be accomplished, for it allows for a better understanding of performance, conflict, moderating effects, and the overall conflict-performance relationship to be explored on an empirical basis.

In this sense, as a whole the purpose and primary objective of the thesis revolves around its ability to develop the theoretical basis for a solid hypothesis pertaining to how conflict in IJV relationships affects IJVs and their performance while paying attention to moderating factors in the relationship; with the theoretical elements of the study developed, the thesis also aims to ensure that the hypothesis is tested against empirical data to gain further knowledge about the actual nature of the conflict-performance relationship in IJVs, as dictated by the available data. To accomplish this methodological portion of the study, data collected from Nordic participant firms in international joint ventures will be interpreted and analyzed statistically to produce a deeper quantitative

perspective to reach the core of the conflict-performance topic and associated elements which are vital to an understanding of this topic in the context of IJV relationships (e.g., moderating elements).

1.3 Delimitations of the study

In this section, the delimitations of the thesis are presented, thus establishing the scope and breadth of the thesis in terms of what the thesis' study will and will not address in the research. In this way, a more solid body of data can be collected, as it allows for the thesis to reach the core of the research question while focusing on a more specific, yet relevant, subject.

1.3.1 Point of view

To effectively establish a relevant domain for the topic and the focus of this thesis' research, it is of paramount importance to create a relevant scope for the research. This scope, which corresponds to the breadth of the research's area of focus, is deeply connected to the study's point of view, which is, in turn, tied to the theoretical underpinnings of the thesis. To properly map out the scope of the study's point of view, it is necessary to clarify delimitations for the study's scope. Thus, with regard to the thesis' point of view, delimitations will be set which primarily limit the point of view of the study to a consideration of Nordic parent firms within IJVs (i.e., IJV parent firms that come from any of the Nordic countries).

Therefore, this delimitation in terms of scope is targeted at restricting the geographical and cultural scope of the study; in this way, the study will be able to better focus on the Nordic region and the ways that firms from Nordic nations participate in and shape the IJVs that they are a part of. Additionally, this delimitation was added as it is relevant to another important consideration for this study's research, namely, the accessibility of

data pertaining to Nordic IJVs (since data on these IJVs was available and useful to the purposes of this study).

Another important proviso linked to these dimensions of the study's delimitations is the fact that while the focus of the study seeks to observe Nordic IJV participants, it also takes into account the IJVs as a whole, which, while also being composed of at least one Nordic parent, is also composed of other IJV partner firms from other nations and other continents. Accordingly, the underlying dimensions of this delimitation collectively relate to the scope of the research insofar as at least one participating partner firm in the IJV is from a Nordic country. This is especially relevant to the data utilized in this study, as the data utilized by this study is based on responses of individuals who work within their respective IJVs' Nordic parent firms (Ali 2013).

1.3.2 Theory

When considering the dimensions of this study's delimitations through a theoretical lens, understanding the delimitations of the thesis with regard to the existing literature and theory, as well as how they will fundamentally shape the way that the study is structured and organized, is also imperative. Accordingly, the ultimate decision to structure the thesis with a clear emphasis on the theoretical roots of the study, thus ensuring that a review of the relevant theory behind the study would precede the methodological and empirical sections of the thesis, effectively preserving logical order and continuity within the text.

Also, by structuring the thesis in this way, the thesis aims to abide by a theoretical delimitation to only include theories that are relevant to the phenomenon of topics of IJV conflict, conflict resolution strategies, and IJV performance, therefore helping to avoid the inclusion of irrelevant, extraneous theories that would add unnecessary confusion and convolution for those attempting to read and interpret the thesis. When viewed in aggregate, the underlying rationale for this delimitation is aimed at

simultaneously preserving the clarity and brevity of the thesis as a whole, while also providing the thesis with the theoretical underpinnings needed to offer a more critical, substantive view of the relevant issues relevant to conflict and performance in IJVs (e.g., IJV conflict/moderating effects and the nature of the conflict-performance relationship). In this way, the study at the core of this thesis will be able to yield useful, applicable knowledge instead of aimlessly discussing tangential arguments that fail to enhance the thesis.

When discussing theories with regard to the study's delimitations, it is crucial to evaluate how the theories of this study will be discussed through a lens that incorporates the core theoretical elements that differentiate this theory from other similar existing pieces of research and literature. Firstly, it is imperative to establish a relevant meaning for the social exchange theory, which will form a crucial element of the framework of the study and thus is germane to the delimitations of the study. Specifically, one may use the definitions proposed by Steenma et al. (2008) and Blau, who posits that the phenomenon of social exchange is composed of "voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" (1964: 91).

Likewise, the other complementary theory which is applicable to the moderating factors of the study and the theoretical delimitations of the thesis is game theory, as structured around the theoretical explanation presented by Rapoport (1974). This theory can be defined presenting its core tenets, which state that firms "select the best decision for themselves (from the point of view of results), their goal is therefore to obtain the maximum payoff (profit) and/or to minimize losses", essentially leading to a zero-sum situation among conflict participants (Grzyl, Apollo & Kristowski 2019). This idea also links into the concept of the transaction cost theory of conflict, whereby firms entering into foreign markets (in the context of IJVs) and the means by which internal venture dynamics form are frequently influenced by the real and perceived transactions costs associated with participating in the venture and navigating the conflict which is often

inherent in such ventures (Hoon-Halbauer 1999; Jeffries & Reed 2000; Standifird & Marshall 2000). Collectively, these theoretical foundations are uniquely applicable to the delimitations of the study since the moderating factors are among the discernibly unique elements of the thesis' study of IJV conflict and performance.

1.3.3 Context

As for concerns related to context, it is critical to guarantee that the firms analyzed in the study, along with the general situations investigated in the thesis' study, revolved around firms that are operating in IJV environments. Moreover, it is important to limit the context of the study to business structures that exist between international firms, thus helping to ensure that the firms surveyed are actually engaged in IJVs, instead of the similar but distinct domestic JVs. This is especially relevant as the aim of the empirical portion of the study is specifically structured to observe and study the nature of conflict in international joint ventures, which are defined in the following sections. Collectively, such delimitations to the contextual nature of the thesis were central when the original surveys and questionnaires were drafted in order to collect the data utilized in the study, thus enabling the study's data to possess a degree of contextual similarity among the 89 distinct IJVs observed (Ali 2013).

1.4 Definitions of key terms and concepts

In order to help to facilitate a more effective understanding of the key terms and ideas that undergird the theories, research, and findings of the thesis while aiming to address the core research question, it is necessary to elucidate any vague nomenclature inherently crucial to a study of performance, moderating factors, and conflict in IJVs. By putting forth a clearer denotational foundation for key terms, one may gain a superior competition of the relevant terminology before delving into existing theories and literature, as these definitions will likely help a reader to separate and faulty

connotational meanings of terms from the academic meaning that will be applied throughout this study.

1.4.1 International joint ventures

In this study of *international joint ventures (IJVs)* and their unique relationship with the phenomenon of conflict, it is of paramount importance to ensure that this concept is properly defined in a clear and straightforward manner. Moreover, to understand the joint venture, it is crucial to comprehend the joint venture. Using definitions and theoretical frameworks provided by Griffin and Pustay (1998), joint ventures can be considered as a unique business phenomenon wherein two or more parent firms enter into a business relationship by jointly establishing a novel business entity that is, by definition, legally separate from the aforementioned parent firms. In this respect, an international joint venture is the extension of this concept, except across national borders. In this way, an international element can be extended to this understanding of the joint venture while adding the theoretical foundation offered by Hennart (1988), who helps to expand the understanding of the IJV from a greenfield JV (i.e., a firm that is made “from scratch” by two parent companies) to that of the acquisition JV or corresponding IJV structure.

In this way, an IJV can be understood to be either a separate entity made from two parent companies or when a firm acquires another firm in some amount, thus leading to the joint ownership of the business entity (Hennart 1988; Brouthers & Hennart 2007). Likewise, the internationality of an international joint venture is dependent on one or more of the aforementioned parent firms being from another country (and thus being of a different nationality). In this way, the home country of a particular IJV, for the purposes of this study refers to the country from which an IJV partner/parent comes from (e.g., the home country of a Finnish parent’s IJV established with another foreign firm in Finland would be Finland). Thus, the fulfillment of these prerequisites demonstrates the presence of an international joint venture.

1.4.2 Conflict

As the concept of *conflict* is often used in a wide variety of business disciplines, it is unequivocally vital to narrow the broad meaning of conflict to a more specific phenomenon that meets the needs and scope of this thesis' research. Specifically, one common association with conflict involves a more casual connotation of the term which often leads individuals outside of academic circles to associate the phenomenon of conflict with exclusively negative behaviors and consequences. However, in the case of this study, it should be emphasized that conflict does not explicitly refer to a hindering negative occurrence. Instead, for this study, an understanding of conflict will be drawn from the denotational and theoretical underpinnings established by Fey and Beamish (2000) and Hebert (1994), whereby conflict is a phenomenon that can be viewed as a phenomenon where the "actions of one parent prevent or compel some outcome against the resistance of the other parent" (Tsang, Nguyen & Erramilli 2004: 85).

Thus, the idea of conflict can be presented as more of a natural, common occurrence within firms when they interact with their respective counterparts in the context of inter-firm relations. Moreover, since the previous definition effectively refrains from insinuating the benefit or harm directly associated with conflict as a phenomenon, it is a prime choice for the denotational foundation upon which the rest of the study can be based. As an addition to the aforementioned definition, conflict may also be deemed as a potential "catalyst for change", effectively communicating its ability to stir stagnant systems and affect internal dynamics and inter-firm balances of power (Omisore & Abiodun 2014; Lehman & Linsky 2008: 3). In several respects, this study aims to more closely examine this element of the conflict-performance relationship in order to investigate the effect that conflict actually has on the performance of an IJV. As a result, it was crucial to avoid definitions that apply language related to the inherent nature of conflict that is categorical.

1.4.3 Performance

Since *performance* is inherently an amorphous concept in the absence of more concrete, finite metrics, delineating what makes up performance, as it relates to IJVs when confronted with conflict, is crucial. Moreover, as firms in different industries and business sectors may perceive corporate performance in different ways, the greater idea of performance can be viewed as the degree that a parent in an IJV is content with the venture; specifically, this may relate to the opinion of the parent (and its staff) with regard to key metrics of the IJV's operation, including profitability, market share, and even the achievement of objectives (Krishnan, Martin & Noorderhaven 2006; Lane, Salk & Lyles 2001). By utilizing this definition, the ability of IJVs to deal with (or potentially benefit from) conflict will be more easily measurable, comparable, and understandable, as the specific benefits that are relevant to IJV firms can be taken into consideration and judged through a subsequent quantitative interpretation of data between studied firms (i.e., as in the context of this study).

The decision to utilize this approach when defining performance is partially motivated by the ability of this definition to remain adequately malleable throughout the thesis' study while also helping to reconcile disparities in academic views pertaining to corporate performance and performance within IJVs. Additionally, since the research at the core of the study relies on the perspectives of IJV employees, a subjective approach which is congruent with the approaches taken by Ali (2013) and Ding (1997) in the study of IJVs, among others, and thus will be applied to this study's understanding of performance within the context of IJV performance (Geringer & Hebert 1991).

1.4.4 Conflict resolution strategies

Another vital term that will be used during this study of conflict and performance is that of the *conflict resolution strategy*, a prime example of a moderating effect that can shape the way that conflict impacts the performance of an IJV. In the context of this

thesis' view of conflict resolution strategies and approaches, the term "conflict resolution strategy" will be defined according to the view of the strategies espoused by Lin and Germain (1998) and Lu (2006) and further expounded upon and studied by Nguyen and Larimo (2011). Thus, the concept of conflict resolution strategies can be defined as the tactics that companies may apply to tackle conflict that they may encounter; more specifically, these strategies can be conceptually divided into four core strategies, namely, problem-solving, improvising, forcing, and legalistic (Nguyen & Larimo 2011). Furthermore, due to the ability of these strategies to have the power to affect and influence the conflict-performance relationship in IJVs (depending on their application), these four strategies will form the backbone of the moderating factors which will be a core element of this study's framework.

1.5 Previous studies

When assessing the modern field of IJV literature and contemporary academic research on the subject of IJVs, several authors over the years have advanced the business community's general understanding of IJVs and their operations. This is especially true with regard to the phenomena of conflict, conflict management, and performance in IJVs. More specifically, a smaller subset of the larger group of IJV researchers has focused on researching the topics of performance and conflict, which are particularly germane to the subject of this thesis' study. As a prime example of this specific subset of authors, Steensma and Lyles (2000) studied the survival of IJVs, while Ramaseshan and Loo (1998) undertook a study related to understanding the roots and drivers of IJV effectiveness, as perceived by IJV partners. Other works in this sphere of knowledge have been produced that deal specifically with the subject of conflict resolution among firms in partnerships, thus revealing insights about the central attributes of an IJV relationship and how they can be structured to produce more success in such a relationship. In a similar vein, other concepts relevant to the behaviors in IJV structures that encompass organizational conflict are expounded upon in the work published by Kauser and Shaw (2004).

Likewise, the article penned by Lin and Germain (1998), which is referenced and developed upon in later chapters of the thesis, similarly sought to explore the role of conflict resolution strategies (CRS) in the process of maintaining IJV relationships. As for studies related to the cultural impacts on IJVs, which are often a central consideration in IJV structures, the primary author in this sector is Lu Lung-Tan (2007), who investigated the impacts of cultural similarities on IJVs relationships. Relatedly, Kemp and Ghauri (1999) observed the effects related to partner conflict and the associated metric of performance in IJV structures. Moreover, this study focused on assessing the impact of partner symmetry, which is often an important component aspect of inter-partner conflicts in IJVs, along with the concept of interdependence in IJVs.

Additionally, IJVs in China observed and compared empirically by Ding (1997), who studied elements of the IJV experience among international partners that are integral to the concepts of both conflict and performance. Beyond the aforementioned studies, additional efforts by Nguyen, Larimo, and Ali (2015) from recent years have also sought to explore a wide variety of organizational elements relevant to the use of conflict resolution strategies on IJVs (which is an important part of this study's research question). As a final addendum, arguably one of the most insightful and resourceful works with regard to this thesis' topic was written by Demirbag, Weir, and Mizra (2003); this article investigated inter-partner conflicts in IJVs (though this study was geographically limited to foreign parents of IJVs in Turkey).

Another vital aspect is the organizational conflict theory, which forms an important theoretical backbone for a common understanding of conflict in IJVs is often used both directly and indirectly in the studies and findings of important sources in the field of IJV and conflict-related research, including Fey and Beamish (2000) and Putnam and Wilson (1982), respectively. In addition to such sources, a wide variety of other supporting literature from nearly a century of research of business-oriented organizational theory forms the backbone for other important studies of IJVs.

In effect, these theories further help to explain the reasons for conflict and its occurrence in IJVs. Additionally, these theories help to establish a link to the consequences that occur as a result of conflict between partners within IJVs; this is especially applicable when considering and exploring the conflict-performance relationship in IJVs, a central topic of this thesis. Although the theory tied to this element of IJV research is frequently applied to the interpersonal side of IJV operations and business, many concepts apply to the internal dynamics of international joint ventures, thus creating a viable opportunity to explain the complex inter-firm theories pertinent to IJV within the context of intra-IJV conflict (Westman & Thorgren 2016).

When viewed within the context of the whole of the study and its theoretical framework, the decision to include these specific theories, along with other supporting theories, was motivated by the straightforwardness of the theories included. Specifically, by finding and incorporating theories that were direct, relevant, and clear, understanding the theories and their direct applicability to the study was made significantly easier. This was largely due to the fact that the links between different theoretical elements used (e.g., the links between the different types of conflict in IJVs and IJV performance) were clear. Likewise, these elements and their associated links had the potential of being explicated over the course of the thesis without convoluting the main objectives of the thesis.

Furthermore, the existing literature and research which compose the current body of research also motivated the decision to select the foundational theories/concepts that were ultimately incorporated into the study and the literature review. This decision was also supported by the relevance of the theories since these theories appeared to be the most pertinent to the thesis' aim of establishing a clear research gap and to deductively approaching current phenomena. In this way, the approaches used and the decisions made with regard to the underlying theories used to undergird the study's framework sought to build on the foundation of common theories underscored in literature

commonly found in the field of international business and international joint venture research.

Moreover, in this section, the relevant studies that address conflict, performance, and/or relevant moderating factors in IJV structures are presented tabularly in order to simply list who wrote the studies/literature (and when), what the focus of the particular study was, what the sample location was, the theoretical foundations of the study, the specific methodology and method of data analysis used, and the ultimate findings of the study. Likewise, connections were drawn to studies from which information was referenced or from which theories/concepts were directly or indirectly applied in these quantitative studies included below in Table 1.

Table 1. Relevant prior studies in the field of IJV research

Author / Year	Focus of the study	Sample location	Theoretical roots	Method o-logy and sample size	Method of data analysis	Findings of the study
Ding 1997	To study conflict and performance in US-China IJVs	American firms in equity IJVs (located in China)	Transactions cost theory (Hennart 1991); cooperation theory (Buckley and Casson 1988); IJV control theory (Schaan 1983; Geringer and Hebert 1989)	Questionnaires to 45 US-China IJVs	Truncated Tobit model analysis and correlation matrix	Conflicts between joint venture partners significantly hinder joint venture performance
Kemp and Ghauri 1999	To study if performance in JVs decreases if conflict increases, what causes conflict, and norms	Dutch partners operating with Dutch or foreign partners (60% in the EU 15% in the USA and 12% in South-east Asia)	Social exchange theory (Blau 1964); joint venture decision making theory (Geringer 1988); partner interdependence theory (Powell 1990)	Questionnaire survey of 78 Dutch in international joint ventures partners	Two-step process with correlation matrix	Conflict is not directly influenced by the interdependence asymmetry and does not influence the economic performance
Demirbag, Weir & Mirza 2003	To study the nature of relationships (e.g., conflict, commitment, co-operation, trust) and implications on IJVs	Foreign parents from UK, Germany, France and Belgium (operating in Turkey)	Inter-partner conflict theory (Habib 1987); performance theory (Geringer and Hebert 1991); inter-partner trust (Rotter 1967; Madhok 1995); cultural distance (Hennart and Larimo 1998)	Questionnaires with frequency scales of 47 IJVs	Regression analysis with Cronbach's alpha coefficient	There exists a strong connection between the nature of relationships and performance; i.e., handling conflict can improve relations/performance

Steensma and Lyles 2000	To understand and explain the different factors in the organizational dynamics of IJVs survival	IJVs located in Hungary (foreign parents come from outside of Hungary)	Social exchange theory (Thibaut & Kelley 1959); parental conflict theory (Lyles and Salk 1996)	Personal interviews with participants from 121 IJVs	Mplus linear regression modeling and probit analysis	Strong parent support is useful in assuaging conflict and an imbalance in control in IJVs (e.g., in conflict situations) can lead to IJV mortality.
Nguyen, Larimo and Ali 2015	To understand the impact of cultural distance, age, control, and the use of conflict resolution strategies, on IJVs	Nordic partners (i.e., Denmark, Finland, Sweden, and Norway) operating overseas	Conflict resolution strategy (CRS) theory (Lin & Germain 1998; Lu 2006); foreign control theory (Makino & Beamish 1999)	Questionnaires from 89 Nordic IJV partners	Binomial logistic regression	Regarding the CRS, the problem-solving and compromising have a positive relationship, while forcing and legalistic strategies have a negative relationship, with IJV performance.
Ramaseshan and Loo 1998	To understand the factors that impact how IJV partners perceive performance	International IJV partners located in Singapore	Inter-organizational theory (Cook 1977); organization theory (Morgan & Hunt 1994)	Likert scale questionnaires to 162 IJV partners from Singapore	Multiple regression analysis	Communication improved perceived performance; dysfunctional conflict is detrimental; power imbalances diminish performance
Fey and Beamish 2000	To study and understand the underpinnings of conflict in IJVs	IJVs between foreign firms (e.g., from the USA, Finland, and UK) and Russian firms	Social exchange theory (Blau 1964); conflict theory (Pondy 1967); social conflict theory (Coser 1956); social unit theory of conflict (Barnard 1948)	Interviews with 40 IJVGMs (i.e., general managers in IJVs)	Nonparametric regression	Managers should monitor/control the harms of conflict and more similar firms generally experience less conflict.

Kauser and Shaw 2004	As understood the impact of organizational characteristics (e.g., conflict) on IJV success	US, European, and Japanese IJV partners in Britain (i.e., in IJVs with British firms in Britain)	Resource dependency theory (Pfeffer & Salancik 1978); transaction cost theory (Anderson & Weitz 1992); organizational structure theory (Chandler 1962); Control theory (Geringer & Hebert 1989); organizational interdependence theory (Aiken & Hage 1968)	Questionnaires from 114 respondents	Regression analysis	Conflict has a significant hindering impact on the performance of IJVs. Approaches rooted in trusting approaches are more effective in bettering IJV performance.
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1.6 Structure of the thesis

As a whole, the thesis is divided into six distinct chapters, each of which aims to fulfill the central research questions and reveal insights about the topic of conflict and performance in IJVs. The first chapter (i.e., the *introduction*) of the thesis is aimed at presenting the thesis and the associated vital elements of the thesis, including the research gap and the way in which the study aims to occupy the niche established by the research gap, thus following the CARS model of introducing the topic of the rest of the thesis along with why it is relevant for a study (Feak & Swales 2011). Additionally, the introduction of the thesis features the research question and relevant research objectives of the study, which will help to guide later stages of the work in the right direction. Subsequently, delimitations and the general scope of the study are covered, thus granting a reader a better understanding of what the study will and will not be addressing within the context of the thesis' study.

Following this, the introduction enumerates several key terms that are to be used in the rest of the thesis by clarifying the underlying fundamental meanings and separating common connotations associations from the denotations to be used in this study. Likewise, relevant studies from the existing body of literature on the relationship between conflict and performance in IJV business structures are presented in the form of a table in order to make the comparison between relevant sources more easily accessible and comprehended by observers. Finally, the introduction is concluded by a summation of the thesis' structure.

In the thesis' *literature review*, a more detailed inspection of the underlying theoretical framework of the thesis will be established in order to prepare the entire study for the methodological portion of the thesis and the subsequent discussion of findings and conclusions from the study. Specifically, the literature review seeks to help present a more relevant and descriptive definition of what an international joint venture is as well as the reasons for why they are formed and what their general characteristics and defining features are, thus providing important background for a discussion of the thesis' topic. Afterward, a more in-depth analysis of the phenomenon and metrics of IJV performance will be provided; this is followed by a transition into the discussion of conflict in its many forms and the perspectives associated with conflict, presented in this literature review through conceptualization.

After an analysis of conflict, the moderating effect of conflict resolution strategies and its theoretical roots are presented to ensure that the concept has an adequate foundation before being incorporated further into the methodological portion of the thesis's study later on in the methodological section. In particular, this theoretical discussion of conflict resolution strategies will cover the concepts of problem-solving, compromising, forcing, and legalistic components of conflict resolution to develop the most fleshed out collective conceptualization of conflict resolution strategies.

Following these discussions will be a theoretical review of conflict and performance relationships in IJVs, which will then be followed by a discussion of the moderating impact that the aforementioned conflict management strategies have on the conflict-performance relationship, thus linking together the previous parts of the literature review and creating the main theoretical support which will undergird later portions of the thesis. To conclude the literature review, the framework of the study will be presented, effectively establishing a transition from the more theoretically oriented literature to the empirically oriented methodologies section of the paper.

In the subsequently empirically focused portion of the thesis, the *methodologies* section will center on presenting the means for which the core study of the thesis will be established, including illustrating the data set, the means by which the quantitative study will be conducted, the statistical aims of the study (in terms of what elements are being tested when running statistical tests on the data), and other aspects of the study relating to the research approach, the strategy of the research, and the general method of the research. Likewise, here certain statements about the validity and reliability of the underlying data of the study will be offered.

Following these elements, the subsequent chapter, which will address *findings* and an associated *discussion* of the contextual implications and considerations of relevant findings, will take a more critical look at what the methodological section yields with regard to the study's data, thus allowing the thesis to transition into its final section, *conclusions*. In this final section, the managerial applications and theoretical contributions will be presented as the insights gleaned and relevant knowledge acquired from this thesis' look into the conflict-performance relationship in IJVs are evaluated. To further illustrate the structure of this thesis visually, a diagram is provided below:

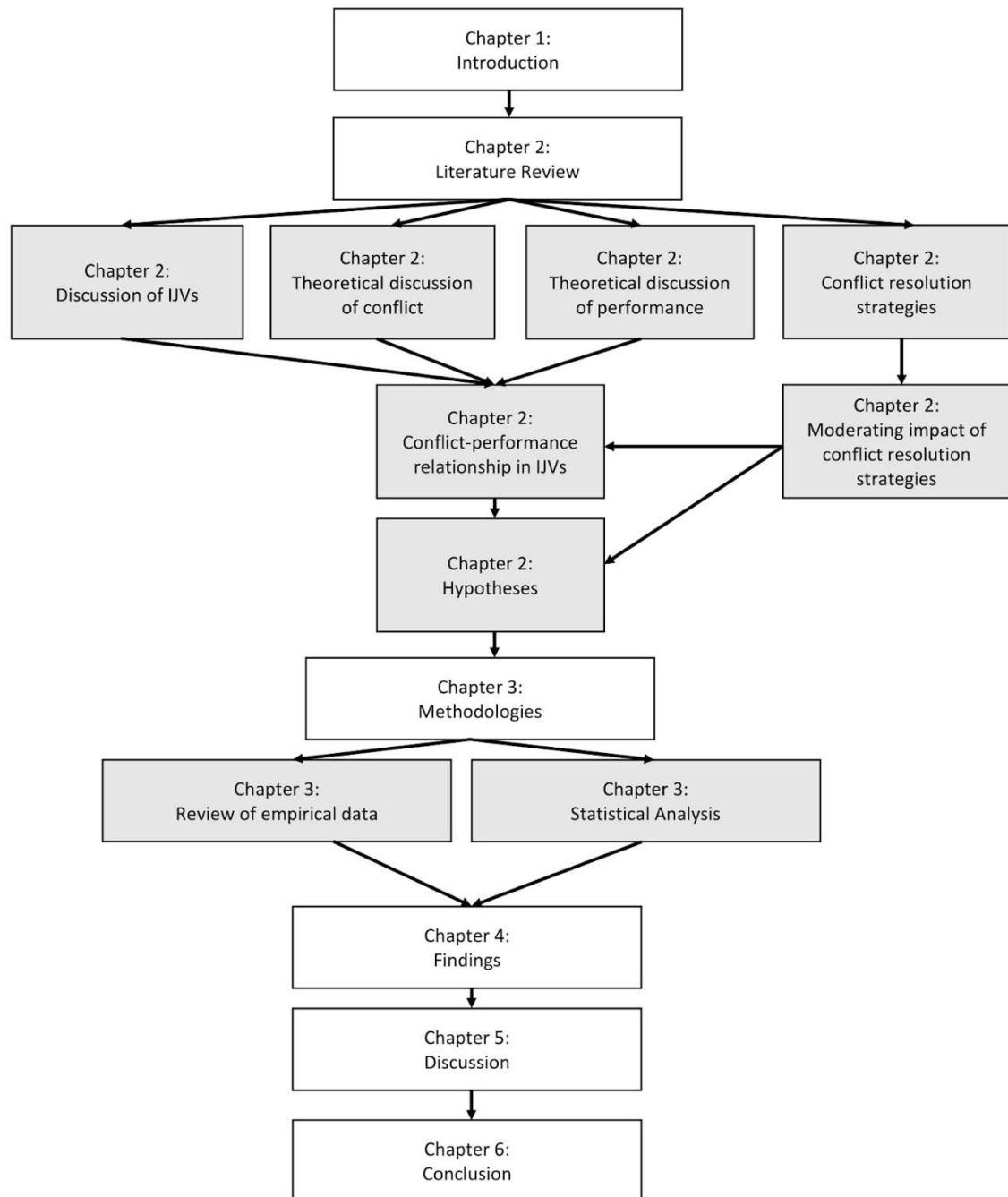


Figure 1. Diagram of the thesis' structure

2 Literature review

2.1. Defining international joint venture (IJV)

Before delving into a discussion of conflict, performance, and the conflict-performance relationship in IJVs, it is first necessary to establish what an IJV is within a theoretical context; throughout this process of defining and conceptualizing the concepts relevant to this study, the four sub-objectives will act as a guide to lead the path of the literature review in a way that helps to undergird the study while also answering the research question at the heart of the thesis. To accomplish these goals, one can define an IJV using established literature to help explain what such a business structure truly is. In the context of this study, one may apply the early stated sources, namely, Hennart (1988) and Brouthers and Hennart (2007), to reach the conclusion that an IJV is either a separate entity made from two parent companies from different nations or when a firm acquires another firm across borders in some amount, thus leading to an ownership structure of the business entity that is joint.

By utilizing this denotational approach throughout the theoretical framework and foundation of this thesis, it is important to highlight how Hennart along with Brouthers and Hennart acknowledge the presence of an existing dichotomy in IJVs. Specifically, this dualism focuses on greenfield and acquisition-based IJVs, whereby an IJV is created by parent firms from nothing and where it is created through the acquisition of another pre-existing business, respectively. This approach to defining the central business concept of the IJV was chosen due to its ability to effectively encompass nearly all international joint ventures found in the current market and, more specifically, the types of IJVs which are relevant for the study at the heart of this thesis. In this way, these definitions provided enough specificity and a sufficient level of flexibility to aid the thesis in reaching meaningful conclusions as to the nature of conflict and performance in the context of IJVs.

2.2. Motives of IJV formation and IJV characteristics

In addition to exploring an applicable definition of the term international joint venture, it is also vital to explain why IJVs form in the first place and what some of their defining characteristics are that allow researchers to identify IJVs and their usual behaviors. By investigating these elements, one can gain a better understanding of the ideas described in the following sections of the literature review, which are greatly shaped by how participant firms within IJV structures interact with each other behave in their respective business unions. In this way, a more meaningful understanding of the specific firms involved in the thesis' study can be gleaned as understanding the typical motives behind the creation of inter-firm IJV relationships and their usual defining features can make the establishment of conclusions from data (i.e., in the specific case of this thesis data set) clearer.

In several aspects, the reasons motivating the creation of an IJV relationship may be manifold for each of the parties involved in the IJV. For example, as elucidated by Parameswar, Dhir, and Ongsakul, firms may be motivated to form IJVs because of the pursuit of resources, capital, novel markets, and/or strategic assets (2018). Moreover, the desire to gain access to these crucial business elements may be motivated by these elements seems increasingly motivated by the need to compete in an increasingly international and demanding business climate in which firms must be cognizant of their shortcomings and attempt to overcome them, especially in highly internationalized sectors where competitors are abundant.

This reality is further underscored by the stated needs of IJV participant firms studied by Tatoglu and Glaister, who found that IJVs are frequently formed by the desire to expand and be present in new markets, the need to gain more rapid entry to valuable markets, and to ensure superior quality, namely, through "adequate quality control" (2000: 66). Further reasons behind the formation of IJVs, as presented by Tatoglu and Glaister, revolve around economic needs that, in addition to helping firms compete, can streamline their operations and guide their financial development in ways that they may

not have been able to do individually. For instance, many firms elect to form IJVs to take advantage of economies of scale, quicker pay-back (Tatoglu & Glaister 2000). Likewise, one would be remiss to ignore the value of resources and access to unique capabilities in the IJV relationship, though it is crucial to point out that vital resources that enable a firm's successes to extend far beyond the physical and tangible are invaluable elements of the IJV equation. For instance, the aforementioned 2000 study illustrates that the acquisition of greater usage capacities and resources was a crucial reason for the formation of IJVs; also, licensing, patents, legal support/protection, and knowledge were all vital resources for IJV participants (Tatoglu & Glaister 2000).

Collectively, the aforementioned reasons generally point to the need for firms to develop and grow in the face of greater external competition and international struggle for clients and market prominence. Though this desire for a chance to become more prominent in relevant market spaces may imply a level of desperation from IJV participant firms, it is important to add that many large, well-established firms also pursue the IJV route, as evidenced by how strong firms often find similarly strong international counterparts to grow their dominance across national borders (Parameswar, Dhir & Ongsakul 2018).

Furthermore, in terms of the general characteristics of IJV, one can look to previous analyses and studies to gain a better sense of the defining features of the inter-business structure. As revealed by a detailed study of IJVs by David De Matías Batalla, IJVs are frequently defined by the cultural phenomena which shape the interaction between the international firms. For example, cultural distance is a common characteristic of IJVs, as participant firms often come from culturally disparate home regions, thus creating an environment within the IJV structure that breeds a sense of disparity between the two firms. The difference in views and cultural norms between IJV partners (which is compounded by the internationality of an IJV when compared to its domestic counterpart, the joint venture), means that certain forms of conflict and/or disagreement may arise from this cultural distance. (De Matías Batalla 2014)

Likewise, De Matías Batalla emphasizes that among the more ostensibly hindering characteristics of international joint ventures is the level of incompatibility between IJV participant firms, which can be both caused and exacerbated by communication problems between the participant firms. Moreover, as firms must adapt to a new style of cooperation in which risks, rewards, and processes are shared, a loss of autonomy may be perceived by firms in IJVs; this is often seen alongside the confusion of hierarchies and roles in IJVs, especially when responsibilities are blurred over time as the needs of firms in the IJV change and the positions of firms relative to one another within the IJV becomes ambiguous (though this is not a universal experience of IJVs). (De Matías Batalla 2014)

However, to further clarify the dimensions that often characterize IJV structures, one may divide such characteristics into three distinct categories, namely, ownership, internationality, and acquisition status. Beginning with ownership as a characteristic, certain IJVs may possess structures in which partners/parents own the IJV firm to different degrees. For example, a firm may possess a minority ownership share of the IJV or a majority ownership share. Ultimately, such an approach may produce effects with regard to the power, the level of mutual support and interdependence, and the internal dynamics which will affect the governance and path of the IJV. Likewise, ownership in IJVs may be split equally between the partners (i.e., 50%-50%). (Geringer & Hebert 1991)

Secondly, in terms of internationality, IJVs often have differing degrees to which their parent companies are international, as an IJV may be formed by only two international parents or several, depending on the size of the IJV. As documented in Iavor Marangozov's study of 722 IJV firms over a span of fourteen years, a clear pattern developed in terms of the number of partners included in the typical IJV. While, as outlined earlier, an IJV may include two or more firms, the vast majority (77.2%) operate between two participant firms (Marangozov 2005). Moreover, the degree of internationality, in terms

of the number of partners/parents involved in an international joint venture can thus have an impact on the IJV via the impacts associated with culturally and operationally disparate international partners/parents in the IJV structure, possibly leading to greater complication among a larger number of dissimilar international partners.

Thirdly, one may establish a third characteristic category among IJVs centered around whether they are greenfield IJVs or acquisition-based IJVs. Returning to the IJV definition provided by Hennart (1988) and Brouthers and Hennart (2007), one can see that firms may be made from the ground up and are, through being made from scratch, the unique creation of their parent firms, or may be made through the acquisition of an existing firm by an overseas partner. In either case, the dynamics surrounding the means by which an IJV is formed can affect the future of an IJV. For instance, such characteristics may become crucial to IJVs in scenarios where partner/parent influence is more important to IJV success or in cases when IJV business goals diverge from or converge with those of the parent firms.

2.3. IJV performance

Undoubtedly, there are many different metrics observed among IJV parent firms assessments of what constitutes IJV performance, notably, among the objective forms of measuring the performance of an IJV, sales level, market share, profitability, cost control, and labor productivity rank among the strongest elements of the quantifiable measures of IJV performance (Geringer & Hebert 1991; Luo 2002). These outwardly quantitative elements of judging and assessing performance are typical in the existing field of literature as well as the field of international business, in which such common business metrics are used to be more easily comparable between otherwise operationally and geographically disparate international joint ventures.

Moreover, the study by Geringer and Hebert points to performance measures that are not strictly measurable or as easily quantifiable as profitability, for example; these

subjective forms of IJV performance assessment often center around the rankings, opinions, and feelings of employees and managers regarding the ability of the IJV to perform and reach success (which, as the label “subjective” suggests, is largely up to the assessment of individuals) (1991). In particular, Geringer and Hebert’s study points to empirical support for a “correlation between objective and subjective measures of IJV performance” (Geringer & Hebert 1991: 251). This reality follows a logical path of reasoning, as better performance in terms of financials and quantifiable productivity are likely to make it more likely that employees will find the situation of their respective IJVs to be beneficial and effective in achieving what they perceive to be business success (i.e., superior IJV performance) via higher rates of profitability which is likely to place less strain on employees and managerial structures, thus producing better overall performance-related results.

This allows for the subjective and objective dimensions of performance to be both compared and, for the theoretical purposes of further study in the context of this study’s observation and investigation of conflict in IJVs, be united under the umbrella term of performance. Additionally, this choice in the conceptualization and categorization of IJV performance under the aforementioned theoretical framework is also supported by the study and associated findings of Dess and Robinson (1984), thus demonstrating that objective and subjective elements of performance are vital constituent elements of the greater idea of performance and IJVs, thus allowing for the use of these elements to gain a deeper understanding about how conflict impacts performance in IJVs.

Thus, to provide a more succinct conclusion pertaining to performance metrics relevant to this study, a subjective approach will be taken. This is because employee assessments within IJVs will form a significant foundation of the empirical study that is analyzed; this decision is also supported by existing literature that collectively supports the utilization of subjective metrics in this area of IJV performance research. Such an approach is featured in the research conducted by Gong, Shenkar, Luo, and Nyaw (2007), who

posited that a subjective view of IJV performance is both applicable and appropriate to gain insights about IJVs.

Moreover, this theoretical basis is undergirded by similar conclusions based on the studies of Geringer and Hebert (1991), Chandler and Hanks (1993), and Yan and Gray (1994). Likewise, this approach more accurately allows for the views of employees and participants in IJV behavior to give a more honest, meaningful evaluation of the operation of an IJV beyond the raw numerical measures associated with business functions, which may otherwise overlook important elements related to how a business structure is actually performing. For these reasons, with regard to measuring and gauging performance within an IJV, a subjective route will be taken in this study.

2.4. Different types and views or conflict

In this section, the different facets of conflict relevant to the theoretical foundation of the thesis are explored and explained with the assistance and support of cases and theories from the existing body of literature. Beginning with a more general conceptualization of the phenomenon of conflict, this section progresses to a discussion of the different types of conflict before concluding with an overview of the different views of conflict, each of which bears relevance to the subsequent explanation of the conflict-performance relationship and the greater conflict-performance relationship in IJVs.

2.4.1. Conceptualization of conflict

In order to gain a solid understanding of conflict through a detailed conceptualization of the phenomenon, it is helpful to utilize case studies and analyses of conflict in the context of organizational conflict as well as conflict within the context of international joint ventures, thus helping to further establish a useful and applicable

conceptualization of what conflict is in IJVs while also briefly illustrating how it can manifest itself in IJV environments. Additionally, understanding the idea of conflict from a conceptual perspective can also help to lay the base knowledge necessary for understanding the role of the conflict-performance relationship in IJVs by establishing how conflict can impact IJV success and performance.

As seen in the common conceptualization of conflict based on the conclusions of Pondy (1967), as featured in studies and conceptual reviews by Lee (2001); Fey and Beamish (2000); Rahim (2010); Habib (1987); and Barden, Steensma, and Lyles (2005), conflict can be effectively conceptualized by breaking down the larger concept into three primary stages, namely, “the perceived, felt, and manifest conflict stages”, which are the stages relevant to the operation of an IJV (thus excluding Pondy’s “latent” and “perceived” elements of the conceptualization due to their tenuous connection to IJV conflict in particular) (Pondy 1967; Lee 2001: 151). To briefly summarize the relevant components of these three stages, Pondy’s perceived stage can be viewed as when IJV participants become cognizant of conflict-borne issues (e.g., when goals between IJV firms are disparate). The subsequent stage, the felt stage, relates to when conflict and the resulting “stress, tension, or hostility resulting from perceived conflict” is felt within the IJV; this stage is followed by the manifest stage in which the aforementioned conflict present within the IJV matures and becomes active through “verbal or written disagreements” (Lee 2001: 151).

Moreover, to properly and fully conceptualize the idea of conflict, especially in terms of the internal dynamics of IJVs, it is important to understand that IJV conflict is often viewed through the lens of “parent conflict – tensions arising from differing goals and expectations”, as posited by the research and further developed through the theoretical discussion of prominent authors in the existing body of literature, including Park and Ungson (2001); Yan and Zeng (1999); Hennart and Larimo (1998); and Steensma et al. (2008: 2). In this way, the basic unit of IJV conflict should be the organizations which form and guide the ultimate path and progress of the IJV, as nearly all the inter-firm

issues (including power struggles, ideological differences, etc.) inevitably develop from these firms. In this way, the conceptualization of conflict will ultimately be developed from Steensma et al.'s (2008) perspective on the existing literature's position on conflict, namely, that it is a phenomenon originating from disparate objectives, aims, and hopes for the IJV amongst the parent participant firms of an IJV, thus causing friction within the venture's internal dynamics.

2.4.2. Types of conflict

To delve into a deeper, more substantive discussion of conflict in IJV relationships, it is first necessary to enumerate the different types of conflict that organizations, including business unions (like IJVs), often confront during their operations. In terms specifically relevant to international joint ventures, it is important to comprehend how the aforementioned general types of conflict in business structures can be caused within the unique inter-firm relationship present in IJVs. As with the types of conflict, these causes can be categorized into their respective types. For instance, one prime type of IJV conflict is impacted by the number of firms (i.e., parent companies) involved in the IJV structure.

As specifically studied in a quantitative study by Gong, Shenkar, Luo, and Nyaw (2007), the number of parent companies has a statistically significant impact on elements of IJV operation that cause friction among IJV participant firms, thus fomenting internal conflict within the IJV structure. Another relevant type of conflict within the context of IJVs revolves around the improper use of power and authority within IJVs by participating firms. For example, Lee's research asserts that "power may cause or exacerbate conflict to the point where it becomes dysfunctional", thus effectively eliciting the manifestation of conflict in IJV structures (2001:151). Likewise, Kogut's (1989) position on the competitive nature of inter-firm IJV rivalry among participant parent companies further illustrates a type of conflict centered on destructive inter-partner tendencies (Geringer & Hebert 1991).

Furthermore, Fey and Beamish's (2000) overview of the theoretical conceptualization of conflict sources in IJVs provides the clearest look into what elicits conflict from IJV partners. Specifically, Fey and Beamish point to "(1) competition for scarce resources; (2) desire for autonomy; (3) goal divergence; and (4) perceptual incongruities", which are in turn attributed to related research from Kochan, Huber, and Cummings (1975); Pondy (1967), Perry and Levine (1976); as well as the empirical study conducted Rosenberg and Stern (1971). (Fey & Beamish 2000: 142)

However, beyond these potential causes, the actual types of prevalent conflict in IJV structures should be expounded upon as well. In particular, one can divide conflict into two distinct types, namely, *task conflict* and *relationship conflict*. With regard to task conflict, firms involved in this type of conflict often involve inter-party issues related to elements in firm operations, including how resources are allocated, policies, standards, firm procedures, and interpretation of definitive facts with regard to the function of a firm or IJV (De Dreu & Weingart 2003). In contrast, relationship conflict primarily relates to the softer, interpersonal side of conflict. Notably, relationship conflict traditionally occurs between people or groups in a business structure and thus may involve cultural issues, in-group versus out-group enmity, or incompatibility of personalities or working styles, among others (ibid. 2003). Consequently, since task conflict is more germane to the concerns related to IJV conflict and the ideas of performance and its relation to conflict within the conflict of the empirical study of this thesis, task conflict is selected to be the main focus of the thesis' discussion.

2.4.3. Different views of conflict

In the more direct and simple terms, conflict can be roughly divided along the general lines of a dichotomy which distinguishes instances and implications of conflict in terms of positive or negative impacts within a business structure. For instance, when dividing conflict between perceptions and views in the literature which paint it is potentially

positive or generally negative, it is often the case that there is a perceived difference in whether conflict is viewed as a natural and expected element of working in a complex business structure (like an IJV) or as a barrier to success that pits organizational objectives and styles against each other to reach an operational or ideological stalemate rather than beneficial outcomes.

One clear example of this perceived dichotomy in the literature is exemplified by Hollyoake, Ashleigh, and Higgs' example of B2B relationships and how while "healthy conflict also leads to the development of war stories", unresolved, festering conflict can lead to the deterioration of relationships and the potential divide of partners in business due to a widening gap between them (2016: 30). In this way, what is often described as "functional" (as opposed to dysfunctional) conflict can, contrary to the common perception of the concept, introduce opportunities for partners to work around problems, identify effective resolution strategies, and avoid unnecessary strife in the future, thus acting as a beneficial force on a business relationship (Hollyoake, Ashleigh & Higgs 2016: 29).

International joint venture structures and their inherent instability due to their internationality and the frequency of cultural distance between partners creates instances of both instability and conflict. If one interprets the internal conflict of IJVs as a manifestation of instability created by the complex internal structure of IJVs through the lens of business instability developed and explained by Yan and Zeng, the idea of conflict should also be perceived as a neutral state and basic condition of an inter-firm relationship, like an IJV; in truth, the unusual IJV is not one that is beset by conflict or instability but rather the one that lacks it (Yan & Zeng 1999). This adds further complexity to the underlying positive-negative dichotomy of conflict, as this theoretical interpretation suggests that conflict arising from IJV instability is more natural than irregular, implying that most IJVs, if not all, endure some form of internal conflict that ultimately produces an IJV structure that either breaks apart or survives in spite of, or perhaps because of, its previous bouts of conflict.

Moreover, in addition to the common identification of conflict as a cause for stagnation due to competing viewpoints and paths, conflict is also viewed by some as a catalyst that can drive change. Similar to the perspective of Hollyoake, Ashleigh, and Higgs (2016) and Steensma et al., which stated that the occurrence of “conflict between parent firms acts as a catalyst that interacts with power imbalance and knowledge acquisition”, thus granting conflict the ability to overcome common issues found within IJV structures (2008: 3).

Crucially, if one returns to the previously enumerated types of conflict, namely, task and relationship conflict, existing knowledge about these two types of conflict can also point to the general consensus among many contributors to literature that task conflict is the generally beneficial catalyst (i.e., functional) form of conflict. As elucidated by De Dreu and Weingart, this position was thoroughly analyzed, yielding supportive results based on the perspectives espoused in the works authored by Amason and Schweiger (1997) along with Van de Vliert and De Dreu (1994) and, more recently, Simons and Peterson (2004). In contrast, relationship conflict can dramatically raise levels of intra-IJV stress, causing it to be more detrimental and, in effect, a clear exemplar of dysfunctional conflict (Jehn 1997). (De Dreu & Weingart 2003)

Likewise, conflict can also be viewed as having the ability to impact IJV structures in dramatic ways, including the “conversion [of an IJV structure] to a wholly owned subsidiary” wherein a “partner takes full ownership” (Steensma et al. 2008: 3). Similarly, firms and instances of inter-organizational corporations in IJVs are often defined by growth and constant change, thus giving rise to the conditions that are prime for conflict. Collectively, this ability of conflict to influence the dynamics and even path of an IJV is further exacerbated by the international and usually intercultural nature of many IJV structures (Luo 2006). Thus, depending on where a particular perspective of conflict falls on the spectrum of the aforementioned dichotomy, conflict can be viewed

as either a harbinger of beneficial change or as a form of ultimate stagnation that bars firms' access to inter-firm IJV success.

2.5. Conflict resolution strategies and theoretical roots

In this section, a brief and concise presentation of the theoretical roots and meanings of the four conflict resolution strategies relevant to this study will be offered. Moreover, in terms of the theoretical context and underpinnings of the following four conflict resolution strategies, the positions and insight contributed by Lin and Germain (1998), Lu (2006), and Nguyen and Larimo (2011) will be utilized. In this way, a strong, yet straightforward, understanding of the conflict resolution strategies will be established, which will allow for a more comprehensive and meaningful discussion of the moderating effects of their strategies on the conflict-performance relationship of IJVs.

2.5.1. Problem-solving

To begin with the problem-solving conflict resolution strategy, this strategy, which is often an integral tool in the arsenal of conflict resolution strategies available to international firms is based on the concept of allowing both parties in a conflict to openly and candidly engage in a discussion which allows for the parties to talk out their issues. In this way, the two firms in an IJV situation using the problem-solving strategy aim, through their mutual participation, to find an effective solution that satisfies the needs and prerequisites of both firms in the IJV (Lin & Germain 1998; Pruitt 1981).

Although this approach may seem self-evident or even nebulous at first glance, its ability to produce meaningful results, along with the following strategy of compromising, should not be underestimated in contemporary international business contexts. Moreover, in terms of an example, an IJV firm pursuing a problem-solving strategy may establish a setting in which all partner firms in the IJV can provide their perspectives and

present their alternatives, thus allowing them to reach an effective solution by considering the problems and needs of each party. Naturally, as this approach requires the parties to be at least somewhat accepting of each other's approaches and willing to hear out the perspectives of others, it is especially relevant for those IJVs in which partners are more receptive to other partners' approaches (Johnson, Cullen, Sakano & Takenouchi 1996).

2.5.2. Compromising

Secondly, the compromising conflict resolution strategy, which shares certain similarities with its problem-solving predecessor, is theoretically encompassed when firms in IJV structures seek to find a middle path between the desires and goals of conflicting firms, effectively creating a compromise (Lin & Germain 1998; Friedmann and Beguin 1971). By seeking to find a common means of traversing potential impasses between IJV partners, the compromising strategy hopes to avoid the zero-sum pitfalls associated with the following two conflict resolution strategies. In this respect, the compromising approach hopes to also bypass the typical stalemates and standoffs associated with coercion and domination among firms/partners. In the case of IJV operations, an example of a compromising strategy may involve when a partner in conflict with another IJV partner focuses on mediating and facilitating the relationship to find a middle ground that is mutually acceptable, thus allowing for progress to be made.

Such an approach can be an especially relevant and helpful approach in situations where IJV partners are not extremely culturally disparate. This is because compromising may help the firms take advantage of similar views and perspectives and thus reach a more effective, speedy compromise (Campbell, Graham, Jolibert & Meissner 1988). Importantly, both the problem-solving and compromising strategies are theoretically rooted in the theory of social exchange posited and developed by Steensma et al. (2008) and Blau (1964).

2.5.3. Forcing

Thirdly, the forcing conflict resolution strategy notably diverges from the first two approaches and is the first of the second category of conflict resolution strategies, which differ in spirit from the first two strategies presented in 2.5.1 and 2.5.2. Based on its theoretical underpinnings, the forcing strategy is more aligned with the act of unilateral brute-force coercion, as seen when one firm tries to dominate or dictate circumstances to its counterpart (Lin & Germain 1998; Lu 2006; Nguyen & Larimo 2001). In this sense, an example of forcing behavior as a conflict resolution strategy can be when one larger, more powerful partner firm in an IJV attempts to dominate or force another firm in the IJV to act as the more powerful partner wishes, essentially pressuring the other firm (Thomas 1976).

Naturally, due to the circumstances surrounding the firms involved in the IJV relationship, the leverage or authority that a firm uses to force or coerce another may range across a wide variety of variables, including ownership, size, and influence, among others. Additionally, as with the following conflict resolution strategy (i.e., the legalistic strategy), the success and applicability of this strategy rely on the context in which it is applied and the type of conflict that it aims to address. For example, such a coercive approach and the application of control may be more apposite in a situation between firms that hold extremely disparate cultural or operational perspectives, which may keep partners from openly communicating and thus may preclude any of the other more cooperative methods to be used effectively (Geringer & Hebert 1989).

2.5.4. Legalistic

Fourthly, the legalistic conflict resolution strategy can be described as a more jurisprudential type of strategy insofar as it emphasizes the idea of fairness. This is typically achieved by relying on previously established documents and contracts, thus resting much of its strength and authority as a conflict resolution strategy on the power held by legally binding agreements and obligations (Lin & Germain 1998). In terms of an

example of a legalistic strategic approach to resolving conflict, a company may point to an IJV founding document (like a contract between parent firms in the IJV) to highlight how certain responsibilities should be undertaken and/or structured between the relevant parties. However, as noted and clarified by other authors, in practical terms, this approach, while outwardly direct and straightforward in theory, can often mean that one party is, in effect, coercing another party through the use of previously established documents (Lin & Germain 1998; Pfeffer 1994).

Furthermore, both the legalistic strategy and its counterpart, forcing, are based heavily on game theory and the underlying concept of a zero-sum situation dominating in conflict scenarios. Specifically, game theory, as it relates to the forcing and legalistic strategies, primarily underscores that in conflict situations in IJVs, there is a clear winner and loser since in order for one side to gain what they desire (i.e., from the other party in the scenario), the other side must make concessions (Rapoport 1974). Moreover, this underlying belief about the nature of conflict in IJVs is also further explained by the transaction cost theory. In this respect, transaction cost theory, as a more specific subset within agent theory, also helps one to understand these two comparatively agonistic approaches to conflict resolution, as it states that the optimal approach (in this case for IJVs) is an approach which minimizes the transaction costs associated with conducting business within an organizational context (Williamson 1979; North 1992). Therefore, the forcing and legalistic approaches are both especially germane to this view of conflict resolution, as both the win-lose nature of game theory and optimization focus of transaction cost theory both point to the strengths of a theory which seek to assert one's own perspectives during an IJV conflict while minimizing resources spent to seek a more complex, drawn-out compromise.

2.6. Conflict and performance relationships in IJVs

To further develop the theoretical undergirding elements of the study's framework which will be used for this thesis' core study, it is necessary to gain a fuller understanding

of the relationship between conflict and performance within IJVs; moreover, through comprehending this central relationship and the impact of conflict as a variable on the performance of IJVs, one can further investigate and comprehend the relevant moderating factors (i.e., the aforementioned conflict resolution strategies). Furthermore, understanding the existing contributions added by other researchers and sources within the existing body of IJV research literature can help form a solid foundation upon which conjectures about the true nature of conflict and performance in IJVs can be ascertained.

However, when investigating this relationship, it is important to reference the fact that, as elucidated earlier in the thesis, there exists no clear or definitive view of the conflict-performance relationship in IJVs. More specifically, radically different views exist as to the impact that conflict can have on how IJVs perform. In particular, different sources assert that conflict has either a positive or negative impact on the performance of IJVs.

In this way, it is crucial to briefly present existing literature on both sides of this theoretical and conceptual divide to clarify previously mixed opinions among authors. This suggested relationship is, in certain respects, notably older than the opposite view of conflict and performance and was posited on a theoretical basis by a wide variety of authors in the field of IJV literature, including Harrigan (1985), Killing (1983), along with Reynolds (1984). This original theoretical basis has been fleshed out and developed further by subsequent authors studying more contemporary contexts, including Boonsathorn (2007) and Robbins (2005). Among authors that have sought to illustrate the negative impact of conflict on IJV performance empirically, studies by Hebert (1994), Tillman (1990), and Hyder (1988) clearly demonstrated the significant degree to which conflict has an inverse effect on performance. (Julian 2005; Nguyen 2011)

Moreover, more comprehensive, holistic observations and quantitative studies, like the one undertaken by Habib (1987), also point to a decrease in performance associated with greater levels of conflict in an IJV structure. Similarly, Liu, Fu, and Liu (2009)

explored an inverse relationship between conflict and the overall outcomes of IJVs, including performance, regarding both task and relationship conflict. Moreover, these aforementioned studies suggesting the negative relationship between conflict and IJV performance were conducted in a wide array of international contexts with a thorough selection of culture and background among the studied IJV partners. In this way, there is a clear insinuation among the large group of authors in this camp that conflict, by and large, carries with it negative impacts related to IJV performance. (Fey & Beamish 2000)

In contrast, an important counterpart to the aforementioned literature supporting the view that conflict has a negative impact on IJV performance takes the opposite position. Specifically, a number of studies suggest that contrary to being detrimental to performance, certain types of conflict may ultimately improve IJV performance. However, as supported by studies and theoretical frameworks provided by authors including De Dreu and Weingart (2003), this beneficial view of conflict often applies to tasks, as opposed to relationship conflict, as relationship conflict seldom has the ability to empower, unite, and clarify internal dynamics. Instead, it often creates greater tension and friction between IJV partners.

Although the number of studies that support this positive view of conflict is ostensibly smaller when compared to the outwardly large, established body of work concerning the inverse relationship between conflict and IJV performance, certain studies have espoused this contrarian view. For example, a wide variety of authors, including Tjosvold (1997), Levine, Resnick, and Higgins (1993), Saavedra, Earley, and Van Dyne (1993), and Nemeth (1986), have concluded that conflict can be good for organizations, like IJVs. Though these contributors to the existing field of knowledge each have their own perspective about the potentially positive elements of conflict, the uniting idea among them is that conflict can act as a sort of catalyst that challenges roles and can ultimately create a stronger organization. In a similar vein, this initial period of difficulty and tumult can help firms to recognize what is wrong in an IJV, as conflict can uncover otherwise unnoticed and unexplored issues between partners in an IJV. Naturally, the degree to

which this conflict is destructive in IJVs relies greatly on the degree to which the conflict is within control and is led through an organizational conduit that is conducive to success (e.g., effective IJV management). (De Dreu & Weingart 2003)

Moreover, the idea of task conflict and opposing views/work styles acting as a catalyst from firms and IJVs in a wide variety of situations is common in the field of IJV and IB research and has theoretical and empirical roots over several decades (Gladstein 1984; Schwenk 1990; Bolton 1986; De Dreu & Weingart 2003; Chan, Luk & Wang 2005). Thus, the existing disparity in existing positions leads to a clear need to study the relationship between conflict and IJV performance to gain a better understanding of the true nature of the relationship while also considering the novel moderating effects of the moderating factors. For this reason, a discussion of the conflict-performance relationship in IJVs is followed by a discussion of the elements and strategies that affect it, namely, the moderating factors of the conflict resolution strategies that are key to the topic of this thesis' study.

2.7. Moderating impact of conflict resolution strategies on the conflict-performance relationship

After providing a discussion of the theoretical roots of the conflict resolution strategies and the underpinnings of the conflict-performance relationship in IJVs, it is crucial to exposit the moderating impact of conflict resolution strategies on the conflict-performance relationship in IJVs (Lin & Germain 1998). Specifically, by comprehending how each of the four strategies impacts the conflict-performance relationship, one can gain a better understanding of the framework of the study and the foundation upon which this study's novelty and insights are predicated. Additionally, it is important to underscore that since this approach to IJV research is relatively novel in the field of existing literature, most of the following discussions regarding the moderating impact will be rooted in the theoretical underpinnings discussed in subsections of 2.5 in this literature review.

2.7.1. Moderating impact of the problem-solving strategy

Beginning with a consideration of the problem-solving strategy and its associated moderating impact on the conflict-performance relationship in IJVs, taking a more amiable, open approach to discussing issues in IJVs is, by its design, likely to yield more beneficial results by mitigating conflict. Specifically, as elucidated by Lin and Germain (1998) as well as by Lu (2006), the more tolerant and cooperative facets of the problem-strategy help, in certain respects, to facilitate a greater degree of actual profit mediation in comparison to more standoffish approaches.

Likewise, in terms of a more specific moderating effect, one can see that the underlying situations that promote and enable the use of the problem-solving strategy are, in and of themselves, more prone to assuage conflict and thus improve the performance of involved IJV partners (Lin & Germain 1998; Johnson et al. 1996). In this way, the outwardly evident elements of the problem-solving approach as a conflict resolution strategy are, in terms of their moderating effects, more likely to yield a positive impact on conflict mitigation (and an improvement in IJV performance). Likewise, this impact likely stems from the act of two or more partners convening to sort out their respective problems instead of facing each other via more confrontational means.

Additionally, when integrating the previously discussed social exchange theory, which undergirds both the problem-solving and compromising strategies, the non-zero-sum and more mutually beneficial approach upon which the social exchange theory is based (Blau 1964). Therefore, one may view the problem-solving strategy as a manifestation of the social exchange theory in the way that firms approach conflict. In this way, the cost-benefit considerations underneath the problem-solving strategy point to the strategy's moderating effect on conflict. Namely, that the strategy has the ability to negatively moderate (i.e., reduce) conflict levels when applied in IJVs.

2.7.2. Moderating impact of the compromising strategy

As with the previous strategy, the moderating impact of the compromising strategy is also largely shaped by the nature of the strategy itself. The important aspects of the strategy, as elucidated by the underlying theory, rests in the strategy's goal of communicating to find a common middle ground that works for both parties and lies between the hopes of either party (Lin & Germain 1998). In this way, although neither partner in the IJV conflict is likely to attain all of their goals, the result of using this strategy is a situation that is acceptable for both parties. For this reason, the moderating impact of this strategy on the conflict-performance relationship is similar to the problem-solving strategy. Specifically, by compromising and finding the best bridge across the veritable chasm that may exist between conflicting partners, conflict is likely to be largely assuaged by a mutually acceptable solution (Lu 2006).

Similarly, this strategy can moderate the relationship by bettering performance by preserving long-term relationships and relieving stalemates (Dwyer, Schurr and Oh 1987; Friedmann and Beguin 1971). Consequently, the limiting of conflict through compromise will likely enhance IJV performance. Moreover, considering the aforementioned social exchange theory in this discussion, one may also yield a similar conclusion that the avoidance of a zero-sum approach may help parties in IJV conflict reach a more mutually optimal solution by making smaller concessions, as opposed to destructive sacrifices.

2.7.3. Moderating impact of the forcing strategy

In stark contrast to the first two styles, the moderating impact of forcing is also a crucial part of the equation when understanding the conflict-performance relationship in IJVs. Firstly, as forcing is more standoffish and agonistic in comparison to the first two strategies, it is often more inflammatory to conflicting parties insofar as it creates a more hostile environment in which the partners of an IJV operate and accentuates power asymmetries within the internal dynamics of the joint venture. This can dramatically

impact the performance of the IJV, as documented by Lin and Germain (1998). Specifically, Lin and Germain explain that both the forcing and legalistic strategies have the power to “inversely predict performance since both are more indicative than problem-solving and compromising strategies of a win-lose orientation” (1998: 184). In this way, the core moderating effect that forcing is likely to have on the conflict-performance is negative (i.e., it positively moderates conflict by increasing it) and thus exacerbates the issues that hinder perceived performance in IJVs (Lu 2006; Lin & Germain 1998).

From a theoretical perspective, one may link this effect with the game and transaction cost theories which form the basis for the forcing strategy. In this respect, the zero-sum nature of game theory and the forcing strategy both combine to provide a moderating effect which may obstruct an IJV’s progress on addressing conflict and will thus negatively impact IJV performance (Rapoport 1974; Dwyer and Walker 1981). Likewise, with reference to the implementation of forcing in the context of perceived IJV performance, the choice to resort to such a domineering alternative may indicate the underlying weakness of the IJV relationship and poor performance (Perlmutter and Heenan 1986).

Moreover, as further explained by Lin and Germain, the very act of attempting to dominate another partner in a forcing approach can cause the opposing partner to “become frustrated and more rigid, which reduces the chance of eliminating the underlying cause of the conflict and may increase the likelihood of future conflict” (1998: 184; Cadotte and Stern 1979). These generally sentiments about the nature and potential moderating effect of forcing are reflected in Lin and Germain’s hypothesis, namely, that “(a) problem-solving and (b) compromising positively associate with IJV satisfaction; and (c) forcing and (d) legalistic strategy inversely related to IJV satisfaction” (Lin & Germain 1998: 182).

2.7.4. Moderating impact of the legalistic strategy

As with the preceding strategy of forcing, the legalistic is largely defined by its more confrontational nature; however, in contrast to the legalistic approach, it is greatly legitimized by the rule of law and the formality associated with contracts and legal obligations. For this reason, the legalistic strategy carries with it different associations in terms of its ability to moderate the conflict-performance relationship in IJVs. Moreover, although the legalistic strategy carries with it slightly different connotations and theoretical roots, many of its theoretical underpinnings are similar to those of the forcing strategies. In this way, based on Lin and Germain's presentation of the strategy, the legalistic strategy still carries with it a degree of coercion that can still negatively impact the conflict in an IJV by creating increased tension and antagonization between partners. Specifically, Lin and Germain explain through the lens of Pfeffer's (1994) research that "when parties take a legalistic approach toward conflict resolution, problems are likely to be aggravated rather than solved" (1998: 184). This understanding of the practical effects of the legalistic strategy is supported by other works in the existing literature (cf. Frazier and Summers 1984).

Accordingly, the use of a strategy that strictly applies legal precedent and agreement may still be viewed as pressuring by the forced party, effectively exacerbating conflict. In this way, the conflict-performance conflict is impacted as the level of conflict present within an IJV is increased and performance, as a result, is stymied. This core effect can be linked back to the idea of game theory and transaction cost theory. Specifically, the concepts related to these theories help to explain why another zero-sum approach, like the legalistic strategy, can often fall short and have a potentially undesirable moderating effect (Rapoport 1974). In particular, the legalistic approach offers a clear legal dichotomy common in jurisprudence centered on the division between the victor and the defeated in a legal case (i.e., a win-lose, zero-sum conclusion prevails). As a whole, it can be said of the legalistic approach that while it offers its strengths, its limitation with regard to its moderating impact on conflict and performance should also be understood.

2.8. Hypotheses

Moreover, before progressing to a detailed illustration and description of the study's framework, a clear hypothesis should be drawn from the theories presented in the literature review in order to establish a hypothesis to preface the following framework. After reviewing the details and implications of the theories incorporated into this review of primarily theoretical literature, an overarching hypothetical position was developed that conflict conjectures that conflict is, by and large, a negative hindrance for IJV participants which ultimately leads to decreased levels of IJV performance.

Although sources presented have alluded to the benefits of conflict, they have primarily drawn upon examples and theoretical perspectives developed around the concepts of healthy and/or functional conflict; however, in the absence of qualifying circumstances or expertise within IJV firms related to how to properly handle conflict (i.e., when conflict by itself is analyzed as opposed to when it is viewed through the lens of its ability to be specially cultivated to bolster inter-firm innovation and creativity), conflict does have the ability to both hinder and significantly disrupt the operations of IJVs (Fey & Beamish 2000; Habib 1987; Tillman 1990). This leads to a hypothetical stance that asserts that states that the occurrence of conflict should, for the purposes of the study, be hypothesized to be a phenomenon that brings negative impacts into an IJV business structure.

The line of reasoning used to create such a hypothesis is formed by the underlying theories and findings that support the perception that conflict, as observed by Anderson and Narus (1990), Anderson and Weitz (1992), Fey and Beamish (2000), Hebert (1994), Tillman (1990), and Habib (1987), conflict, as a whole, causes greater levels of dysfunctions among inter-firm, internationally linked joint venture partners.

From a logical perspective, conflict is likely to have a negative impact on IJV performance since the very act of having operational styles, organizational desires, and plans clash in an IJV setting is likely to hinder the process by which firms in a joint venture structure

cooperate. Accordingly, as firms experience bouts of task and relationship conflict, it will be harder for leaders within the IJV to stipulate and accomplish strategic goals or even operate on a day-to-day basis, as the friction caused by conflict is likely to taint the joint environment shared by IJV partner firms. Likewise, the development of such forms of conflict over time may cause deeper schisms between firms, thus exacerbating the negative impact conflict has on the performance of an IJV. In this way, the study can offer insights that support this theory-based position or shed light on the actual nature of conflict and its effect on performance as it manifests in real IJVs. Thus, according to this reasoning, an H1 hypothesis can be made for the theoretical framework of the study:

H1: Conflict has a negative impact on IJV performance

Moreover, taking into consideration the tenets of the social exchange theory and the complementary elements of the conceptual framework of the problem-solving facet of problem-solving as a moderating factor, one can make a conjecture as to whether the problem-solving strategy will, as a moderating factor within the conflict-performance relationship, reduce or increase the level of conflict in an IJV. This hypothesis is rooted in the analysis and description provided by Lin and Germain (1998) as to the practical nature of this strategy and Blau's (1964) social exchange theory. Likewise, it is supported and clarified by the research associated with underscoring the facets of problem-solving put forth by other authors (Pruitt 1981; Johnson et al. 1996).

Through taking a logical approach, one may also reach a similar conclusion regarding the moderating impact of problem-solving. Specifically, by being a more tolerant approach to conflict resolution that aims to approach issues jointly to find a workable solution, this approach and its underlying theoretical roots are less likely to exacerbate conflict or irritate pre-existing divides between IJV partners. In this way, problem-solving is a less abrasive strategy that allows for a more cooperative approach to the phenomenon of conflict, thus producing better results within the context of conflict and IJV

performance. After considering the aforementioned social exchange theory and the more solution-oriented elements of the problem-solving factor in IJVs from a logical perspective, the following hypothesis is presented:

H2: Problem-solving negatively moderates the relationship between conflict and performance

Transitioning to the other moderating factor in the study's framework, the compromising strategy is likely to also aid with conflict within IJVs due to its more outwardly affable aspects as an approach within the context of the social exchange theory (Blau 1964). An important foundation for this thesis is also based on the descriptions provided by Lin and Germain (1998) as well as studies related to the effects of the strategy from Friedmann and Beguin (1971) and Campbell et al. (1988).

By integrating logic into the formulation of this hypothesis, one may conclude that compromising is also a more tolerant, less confrontational approach to conflict resolution that seeks a mutually acceptable solution for both IJV partners. In this way, by espousing an approach to resolving conflicts in IJVs that is not zero-sum and seeks to integrate the needs and concerns of both affected parties, it is likely to avoid exacerbating the parties' conflict, thus leading to superior IJV performance results. Moreover, as instances of the utilization of the compromising strategy have been well documented within inter-firm relationships, and even international inter-organizational interactions (cf. Wang, Lin, Chan & Shi 2005), a hypothesis that represents the underlying strengths of compromising as a moderating factor is provided below:

H3: Compromising negatively moderates the relationship between conflict and performance

On the other side of the moderating factor equation, it is necessary to consider the concept of forcing as a moderating factor. As with the two preceding moderating factors,

one may look to the underlying theory to gain a better understanding of a hypothesis that can be made with regard to the approach of forcing. The comparatively more hindering nature of forcing is supported by Lin and Germain (1998) and, as further explained throughout the literature review of this study, should be linked with game theory and transaction cost theory (Rapoport 1974; North 1992; Williamson 1979).

Once again, by taking a logical approach to the hypothesis for this strategy, one may conjecture that since forcing generally creates a greater chance for standoffs and confrontations to occur between the partners in an IJV, it is likely to increase conflict in the conflict-performance relationship. Likewise, as the coercive nature of forcing is inherently more abrasive and prone to creating friction between already conflict parties, it is logical for one to hypothesize that the application of forcing as a conflict resolution strategy is more likely to exacerbate existing conflict-based issues and thus hinder IJV performance. Furthermore, in terms of forcing's relationship to game theory and the transaction cost theory (relating to a less outwardly cooperative, zero-sum perception of IJV conflict), one may conjecture that this approach will lead to an exacerbation of the underlying issues and conflict and thus affect IJV conflict in the following way:

H4: Forcing positively moderates the relationship between conflict and performance

For the last of the four moderating factors, namely, legalistic, one may apply a similar logical argument to why a legalistic approach may only worsen the level of conflict in IJVs by initiating a less compromising more zero-sum relationship in which problems are resolved through more jurisprudential (as opposed to communicative and informal) means. This effectively created an environment within the IJV structure which emphasizes the win-lose (rather than win-win) outcome that is characteristic of the legalistic approach (and is relevant for the forcing strategy) (Rapoport 1974). These common theoretical links between the theory and the studies of Lin and Germain (1998) and Pfeffer (1994) are important motivators for the approach taken when writing the study's hypothesis about the legalistic approach.

Additionally, by once again espousing a more logically driven view of the conflict resolution strategies, the legalistic strategy is another approach that is likely to exacerbate issues associated with conflict. Specifically, by being a more aggressive approach that seeks to use a coercive tactic supported by legal agreements and standards, the use of the legalistic strategy is prone to be a more abrasive, less tolerant strategy. In this way, by fomenting further distrust and underlying enmity through coercion (as present in the forcing approach), the legalistic strategy is likely to fail to effectively mitigate conflict in a way that is conducive to the IJV's success. In this sense, it will have a negative moderating impact on the conflict-performance relationship and thus will likely hinder IJV performance. Thus, the following hypothesis about the impact of the legalistic moderating factor can be established:

H5: A legalistic strategy positively moderates the relationship between conflict and performance

Taking these hypotheses into account, one can move forward into a more illustrative description of the studies framework, which is largely built around the conflict-performance relationship and IJVs and the moderating factors. Collectively, the hypotheses elucidated above link together the elements of the study's framework and help to establish a theoretical expectation of what will be observed and investigated in the study itself.

2.9. Framework of the study

Taking into consideration the previous theoretical elements assembled in the literature review, it is necessary to construct the framework by which the study will be conducted. Thus, this aids the thesis in answering the research question, which is aimed at assessing the impact of conflict on IJV performance and the conflict resolution strategies role in the conflict-performance relationship. Consequently, this framework attempts to

incorporate elements of the theory surrounding each of the aforementioned central concepts while striving to keep the study both clear and straightforward.

The figure below provides a simple, clear depiction of the impact conflict has on IJV performance within the context of the conflict-performance relationship of IJVs. Specifically, the defining feature of the figure's model is the inclusion of the moderating factors (i.e., problem-solving, compromising, forcing, and legalistic) above the line connecting conflict. Each of these elements is also marked with their proposed relationship/impact on the conflict-performance relationship along with hypothesis markers (i.e., H2, H3, etc.) accompanied by positive or negative symbols indicating the framework's perception of the relationship between the moderating factors and the IJV conflict-performance relationship (e.g., negative referring to a reduction of conflict). Finally, two control variables are included, namely, the age of the IJV and the IJV's level of experience.

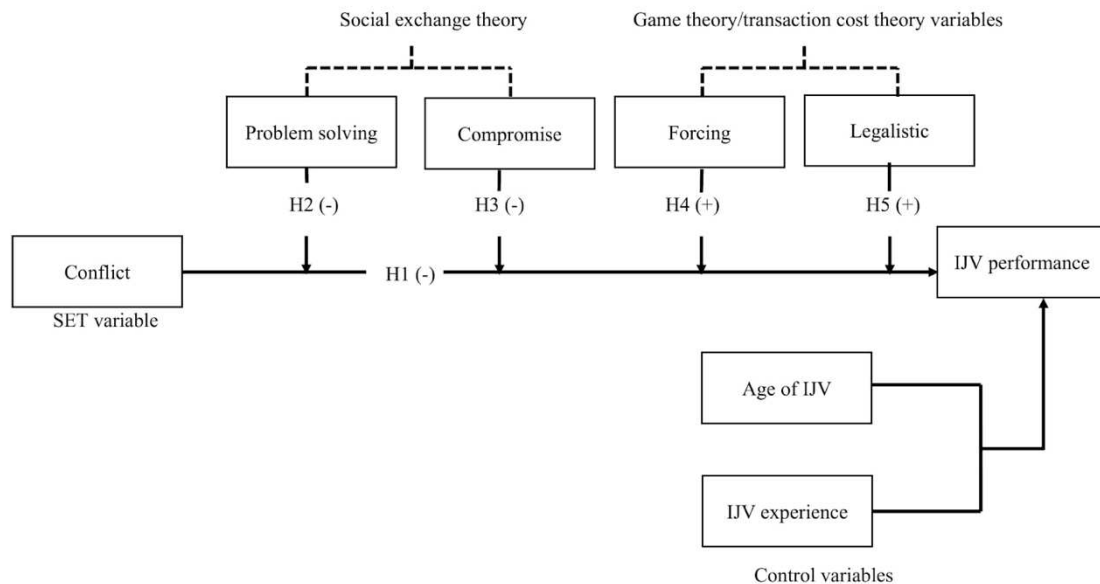


Figure 2. Conflict-performance relationship in IJVs with moderating influence from the conflict resolution strategies

3 Methodologies

The purpose of this portion of the thesis is to present the methodological choices used in this study. Specifically, by elucidating the relevant methodological elements relevant to this study, the decisions that undergird the quantitative results and ultimate findings of the study can be made clearer and easier to understand. Additionally, this section will seek to review the research purpose and underlying research approach of the study as well as the method by which data was collected to be used in the study. Beyond this, this section will discuss vital dimensions of the data sample used in this study as well as the means by which the data will be analyzed. Finally, this thesis' discussion of methodologies will be concluded with an overview of the reliability, validity, and ethics of the study and its data. Thus, by the end of this section, a clear view of the methodological decisions made for this study will be established, effectively allowing for the findings of the study to be presented in the following chapter.

3.1 Research purpose and methodological approach

When selecting a basis upon which the methodological choices of this study will be predicated, it is of immense importance to ensure that a selection of methodological stance matches the objectives of the study, as dictated by the topic and research purpose at the core of the study. In terms of discerning the research purpose, the research purpose of this thesis is directly tied to the research question (cf. section 1.2), which the thesis' empirical study aims to address and answer through the means of quantitative research. Moreover, it is crucial to understand the underlying methodological and philosophical stance that defines the methodological choices which ultimately influenced the process for collecting data and selecting samples to be used in the empirical portion of the thesis. Furthermore, it is necessary to clarify which mode of reasoning is selected for this study.

For the purposes of this study, it is crucial that the study's methodological approach incorporates a fundamental framework that links together theory and data, as is germane to the purpose and aims of the thesis' research (Honderich 1995). For this reason, a decision was made to adhere to a framework and stance consistent with the one used by the original collector of the data about the 89 Nordic IJVs observed in this study. Namely, the philosophical stance of Hurmerinta-Peltomäki and Nummela (2004). This choice of philosophical stance was decided upon as the stance of Hurmerinta-Peltomäki and Nummela allow for a delineation of the approaches associated with phenomenology and positivism, thus allowing a researcher to select a place along the spectrum between these two philosophical extremes from which one can present data and build upon the theoretical framework that is relevant to the nature of a study.

In particular, by applying the understanding of this spectrum and the dichotomy between phenomenology and positivism posited by Collis and Hussey (2009), this study is aligned more closely with a positivist stance. Also, in order to understand the research approach that will be used in this study, it is of paramount importance to identify which type of research will be applied methodologically in this study. Of the three available forms of research that can be chosen, namely, deductive, inductive, and abductive, this quantitative study firmly lies in the domain of deductive reasoning and research. This form of research was identified for this study since this study of the Nordic IJVs seeks to first establish hypotheses from which data can be analyzed, thus allowing for meaningful conclusions to be drawn from the observation of the collected data. In this way, insights and points of discovery relevant to the hypotheses can be drawn (i.e., deduced), effectively occupying the research gap and answering the research question of the thesis.

Additionally, by applying the positions of Ghauri and Grønhaug (2010), Collis and Hussey (2009), and Hurmerinta-Peltomäki and Nummela (2004) in relation to the methodological choices made for this research, the use of a deductive approach in conjunction with this study's philosophical stance is congruent with the quantitative

approach that this study aims to utilize. For this reason, the decision was made to use a deductive approach in tandem with the underlying quantitative approach of this study, as it is likely to yield the most impactful results which aim to reflect the true nature of the conflict-performance relationship in IJVs and the real-world impacts of the moderating factors.

Moreover, as one of the central objectives of the study is to quantitatively establish and observe the conflict-performance relationship in IJVs, along with moderating factors (given that conflict is a social phenomenon), it is necessary to outline the social theories associated with the methodological choices of this study. For this study's methodology, the social theories and perspectives that will be applied are consistent with those outlined in the literature review of this thesis. Specifically, by using an approach predicated on Blau's (1964) social exchange theory, along with game theory and transaction cost theory, the empirical portion of the study will be viewed through the lens of its social role (i.e., how conflict and its related variables, including performance, are influenced by the behavior of IJV partners) (Khalid & Ali 2017).

3.2 Dimensions of the study population

Before delving deeper into the ways in which the data was collected through the use of a questionnaire, it is crucial to discuss the defining features of the study population. In particular, the body of firms that compose the target population in the case of this study hail from the Nordic region of Europe, which is composed of Sweden, Finland, Denmark, and Norway (Larimo, Nguyen & Ali 2016). In this respect, the Nordic IJV partners observed in this study are involved in foreign IJVs, insofar as they operate outside of their home nations. Specifically, the firms observed participated in IJVs involved in manufacturing and were not confined to Europe in terms of their operations, as they engaged in IJVs located in Asia and America (in addition to Europe).

Regarding the main criteria that formed the basis for selecting the firms observed in the study, three main selection criteria were formulated in order to refine the target

population. Namely, the IJVs in the population had to equity (as opposed to acquisition) IJVs, had to have at least one of the parents from a Nordic nation, and had to have been formed between the years 2000 and 2011. Although such choices may seem outwardly arbitrary, each of these criteria has a solid foundation of logical reasoning behind them. Firstly, the necessity of each studied IJV to be an equity IJV is rooted in the desire to have a more comparable, standardized view among a wide array of different IJVs operating in different regions. This is because equity IJVs, in contrast to IJVs created via acquisitions or other alliance frameworks, are more similar from a managerial perspective, thus allowing for an easier and more consistent comparison between otherwise disparate IJVs, as is supported by existing IJV literature (Guidice 2002; Park & Russo 1996; Contractor & Lorange 1988).

Secondly, the decision to identify and study IJVs with one parent from a Nordic country was also a strategic and logical choice with regard to making IJV study and comparison easier and more consistent. Specifically, the choice to require a parent from one region helps to narrow down the external effects caused by cultural disparities. In contrast, if the study merely investigated a set of partner companies from random nations around the world, understanding and comparing differences would likely be more complex and less consistent as a whole. In this way, limiting the observed parent company in IJVs to the Nordic region would be useful to a researcher's ability to conduct a more effective study of the relevant variables. Moreover, other factors affected this second criteria selection. Namely, a decently comprehensive collection of data concerning Nordic IJV partners was easily accessible through the University of Vaasa's available dataset; moreover, restrictions of time and resources motivated the selection of data that was easier to access and yield in a methodological setting.

In truth, this common resource-related restriction is reflected in the existing literature, including in work published by Geringer and Hebert (1991), who echoes the sentiment that observing both local and foreign sides in an IJV relationship can be prohibitively taxing. For these reasons, this second criterion was established for the study. As for the

third population criterion, the decision was made to choose the 2000 to 2011 time frame in order to survey a wide range of companies while avoiding potential issues and points of undue bias that may arise when observing only young IJVs with few years of applied cooperative experience. This type of requirement within the selected population is commonly reflected in available IJV literature and research, as demonstrated by the studies conducted by Hebert and Beamish (1997) as well as Sarkar, Cavusgil, and Evirgen (1997).

After assessing the aforementioned dimensions and criteria, the decision was made to base the study on the data from Professor Jorma Larimo's "Nordic International Joint Ventures" database. This database, assembled by Larimo at the University of Vaasa, Finland, provides an adequately large data set of information related to Nordic IJV partners and chronologically stretches from the year 2000 to 2010. As a whole, the database encompasses data from 590 international joint ventures, created by 214 Nordic companies. By country, the original database includes information from 196 Danish IJVs (from 84 Danish companies), 189 Finnish IJVs (from 77 Finnish companies), 94 Swedish IJVs (from 41 Swedish companies), and 111 Norwegian IJVs (from 12 Norwegian companies). However, after the review conducted by Ali (2013), which is discussed in the following paragraph, that larger population was narrowed down to 464 IJVs, of which 110 were Danish, 180 were Finnish, 97 were Swedish, and 77 were Norwegian (n.b., with regard to each IJVs' Nordic parent firm).

Beyond the surface level diversity of the firms in terms of their home country, the database also included other fields of information, including the firms' names, the names of their IJVs, the country in which the IJV operates, and the names of the Nordic firms' local IJV partners. However, from this original database, the operational status of many IJVs and their respective vital details have changed in the years since their initial documentation. For this reason, this study's population is predicated on the supplementary research highlighted by Ali (2013), which is of paramount importance to the data at the heart of this thesis' study. In particular, the findings of Ali are of immense

help in narrowing and refining the target population of the study by identifying which IJVs from the database were in existence and whether they were truly IJVs, as opposed to a wholly owned subsidiary.

3.3 Method of data collection and questionnaire development

In terms of the process applied when collecting data for this study and, more specifically, the development of the questionnaire by which data was collected, several important decisions were made in accumulating the requisite data to study the target population of Nordic IJVs. Before delving deeper into the specifics of the data collection process and the questionnaire used, it is necessary to establish the importance of the questionnaire in a quantitative methodological process. Based on the insights posited by Sekaran (1992) as well as Collis and Hussey (2009), for studies that use it, the questionnaire is often one of the most vital instruments by which data can be collected; accordingly, in a questionnaire-based study, it is of immense importance to a researcher. In truth, for studies like the one at the heart of this thesis, the questionnaire can be a veritable deciding factor in the success of a study (Easterby-Smith, Thorpe & Lowe 1991). For this reason, great attention was given by the original researchers to the process of formulating the study's questionnaire.

Moreover, to reiterate the research process developed by Ali (2013), it is also important to establish the method by which the questionnaire will be applied in practice. In this sense, it is key to understand how the survey procedure of the study will be structured in order to understand how the data about conflict, performance, and the moderating factors will be retrieved from the IJVs participating in the study. Based on the ability of a web-based survey approach to reach a large number of potential respondents quickly, consistently, and at a low cost, this method was selected for distributing the questionnaires to IJV firms. Additionally, the technological abilities encapsulated by web-based questionnaires supersede their slower, analog counterparts, especially since such online options can display valuable quantitative data in real-time. This superiority

is reflected by many key pieces of research in the literature, as many researchers are increasingly employing online surveying methods as the technology becomes more widely accepted (e.g., Silva, Bradley & Sousa 2012; Nielsen 2007).

Thus, to briefly recapitulate the steps followed during the web-survey that yielded that data utilized in this study, one may once again turn to the research of Ali (2013). In particular, by conducting research into the webpages and publications of existing Nordic IJVs from the aforementioned IJV database and identifying potential respondents, a total of 928 individual respondents (and their email contact information) were identified. Collectively, these respondents represented 464 IJVs. From there, the web survey was prepared using software that made the survey more interactive and accessible for respondents. Ultimately, these core decisions in making a more user-friendly survey were made in the interest of increasing the response rate and producing a richer data set from the companies observed. Finally, the survey was sent to the list of 928 respondents from 464 IJVs in March 2012 (and sent once again in April of the same year to those respondents who failed to respond initially). (Ali 2013)

Following the step of sending the survey, the results were received. Out of the initial population of potential respondents and IJVs, the web-survey yielded 89 responses from 89 respondents (representing 89 distinct IJVs). By nation, 13 of the responses were from Danish IJVs, 44 were from Finnish IJVs, 23 were from Swedish IJVs, and 9 were from Norwegian IJVs). Although this response rate of 19.18% (with regard to the response rate of IJVs) may seem low, it is important to recognize the potential effect of external elements on the response rate of respondents. For instance, the phenomenon of “questionnaire and interview fatigue”, especially among employees of IJVs who may receive large numbers of emails and other online communications, may cause respondents to be too overwhelmed to answer web surveys, thus posing a barrier to significantly higher response rates among respondents (Ali 2013: 90). Likewise, since managers involved in the operation of IJVs may travel often and/or may be

understandably reluctant to divulge too much information about their respective IJVs, especially during times of organizational change and reorganization. (Ali 2013)

3.4 Survey specifics

Before discussing the specifics of the statistical analyses used in the study, it is crucial to outline the survey questions and responses used in this specific survey. Each of these individual survey items (items on the distributed survey) were answered on a 1-5 scale, except for the questions related to the moderating effects (which employ answers restricted to 0 and 1). These survey items are provided in the list below:

1). Level of conflict between partners:

In the case of this line of questioning on the survey, respondents were asked about the frequency of conflicts between IJV partners on the strategic decisions within their respective IJVs. Their responses are listed on a scale from one to five which are divided in the following way: 1 corresponds to “never”, 2 corresponds to “rarely,” 3 corresponds to “sometimes”, 4 corresponds to “often”, 5 corresponds to “always”. Additionally, this item is linked with an additional question related to the intensity of the conflicts that respondents perceived between IJV partners on the strategic decisions of their IJVs. In this case, 1 corresponds to “very low”, 2 corresponds to “low”, 3 corresponds to “medium”, 4 corresponds to “high”, and 5 corresponds to “very high”. To arrive at the numerical data for this field of the survey, an average of the two aforementioned questions was taken to convert the data into one metric corresponding to the level of conflict between IJV partners.

2). IJV performance

As with the previous survey item, IJV performance was averaged from measurements taken from a group of separate metrics. Collectively, these individual metrics encompass

a respondent's evaluation of their IJV's overall performance, profitability, market share, and the achievement of goals set by their IJV. Although a 1-5 scale was used, this scale has certain contrasting elements when compared to the one used to measure the variable of IJV conflict. In the scale used for IJV performance, 1 represented very unsatisfied and 5 represented very satisfied, thus allowing respondents to choose along with continuum. As with the previous survey field, the IJV performance score was calculated by taking an average of these four performance metrics.

3). IJV age

As for IJV age, respondents had the ability to indicate the age of their IJVs (i.e., the number of years since their IJVs were established) using a 1-5 scale. In this case, 1 corresponded to 1-2 years since IJV creation, 2 corresponded to 3-4 years since IJV creation, 3 corresponded to 5-6 years since IJV creation, 4 corresponded to 7-8 years since IJV creation, and 5 corresponded to an amount of time equal to or greater than 9 years.

4). IJV experience

As for IJV experience (as measured by the number of manufacturing IJVs which the firm has been involved in prior to the creation of the current IJV), another 1-5 scale was used. This scale was divided as follows: 1 corresponded to 0 IJV, 2 corresponded to 1 IJV, 3 corresponded to 2-4 IJVs, 4 corresponded to 5-9 IJVs, 5 corresponded to 10 or more IJVs.

5). Problem-solving

6). Compromising

7). Forcing

8). Legalistic

For parts 5 through 8, which concern the use of conflict resolution strategies in IJVs, a similar approach to the categorization of responses was utilized. Specifically, responses were divided into IJVs that used a given conflict resolution strategy (which were labelled as “1”) and those that did not (labelled as “0”).

Additionally, before progressing to a discussion of how the data was analyzed, it is of paramount importance to also clarify an important dimension of conflict and its place as a central variable of the study. Specifically, the understanding of conflict used both in this study and the previous study by Ali (2013) is adopted and modified from Kemp and Ghauri’s (2001), as in the context of this study, the variable of conflict is composed of two distinct elements, namely, conflict frequency and conflict intensity. In this way, by applying this understanding of conflict along with the previous questions in the questionnaire used to collect data for the study, the study aims to provide a more detailed and useful understanding of conflict and performance in IJVs.

3.5 Analysis of the data

In addition to discussing the process of data collection and specific details relevant to the data, it is necessary to cover the means by which the collected data will be analyzed to produce results that can be interpreted. Effectively, the methods of analysis used in the study will form a crucial part of the methodological foundation of this study and will add clarity to the rest of this thesis’ empirical sections that will follow. To continue along the lines of the pre-established methods outlined by Ali (2013), the method of data analysis used in this thesis will follow a process of statistical analysis of the collected data through the use of SPSS software. Through utilizing this software, a more detailed approach can be taken with regard to data analysis.

In order to gain a comprehensive understanding of the phenomena behind the data, linear regression analysis was used, effectively helping to paint a portrait of the

underlying relationship between the variables at play in the IJVs observed. As is standard in regression analysis, important elements of the analysis, including the R-value, adjusted R-Square, and standard error of the estimate were observed for the purposes of this study. Moreover, the F value of an accompanying ANOVA analysis (along with its level of significance) was incorporated into the empirical findings of the regression analysis, along with the regression coefficients. The main coefficient investigated for this study was the standardized Beta coefficient; this coefficient's level of significance is also crucial for the purposes of this study. Moreover, an additional Chow test was conducted to test for structural breaks in the analysis; this was calculated separately and helped to explain differences in coefficients that existed between studied sub-groups.

In particular, the main use of this regression-based approach became apparent as each of the moderating factors (i.e., conflict resolution strategies) were used in regression analysis that mapped the relationship between each of the individual strategies (i.e., the independent variables) and the dependent variable, IJV performance. In addition to conducting a regression analysis for the relevant variables of the study, certain descriptive analytics were used to help illustrate the quantifiable figures that help to explain the responses collected from the IJVs studied.

3.6 Reliability and validity of the study

In addition to exploring and discussing the means by which the data collected for the study will be analyzed to yield interpretable results, it is also crucial to understand the impact of the study's reliability. In this context, a quantifiable value derived from the calculable Cronbach's Alpha value will be applied. Conforming to the existing literature on the subject and general standards of quantitative studies pertaining to a study's Cronbach-based reliability (cf. Götz, Liehr-Gobbers & Krafft 2010), it is crucial that the threshold for reliability should be above (but not too greatly in excess of) 0.6, as measured through Cronbach's Alpha. As per Ali's (2013) study of the original data set in

the context of the IJVs studied, the aggregate of the data utilized this study does satisfy the 0.6 threshold and thus can be viewed as within a satisfactory level of reliability for the context and purpose of this study.

As for assessing validity, by observing similar analyses from existing IB literature and IJV research, a definition congruent with the one put forth by Saunders, Lewis, and Thornhill (2009) was chosen. In this way, validity will be used to establish conclusions about IJVs within the context of this study while emphasizing that the variables studied in the data set demonstrate conformity and alignment with what the study is actually aiming to ascertain. In this respect, validity can be divided between internal and external validity, which refer to the extent to which a study is able to measure what it seeks to measure and what the extent to which a study is generalizable, respectively (Saunders et al. 2009). In this sense, the nature of the study both reflects the central objectives posed in the research question of the thesis pertaining to moderating factors and the conflict-performance relationship. Also, to a certain degree, the results of this thesis can provide results that may hold somewhat generalizable results, especially in the context of Nordic IJV partners, this study is deemed, according to the aforementioned definition, to hold adequate validity for the purposes of this thesis.

4 Findings

After discussing the methodological choices that undergird the processes of the study, it is necessary to outline the empirical findings of the survey. In this way, this study's hypotheses will be tested, so more insights can be gained about the nature of the data and the underlying conflict-performance relationship in IJVs. Similarly, this coverage of empirical findings of the study will help to elucidate the effects of the novel element of this study when compared to existing IJV studies, namely, the impact of the moderating factors on the conflict-performance relationship.

4.1 Description of the sample

Before delving deeper into the empirical results gleaned from this study, it is important to give an overview of the data that is aimed to describe and illustrate important dimensions of the data used for the purposes of this study. For example, to reiterate the data set and the information about it originally presented in Ali (2013), the sample size was composed of 89 IJVs. By nation (in terms of the IJVs' Nordic partners), the partners studied represent firms from 44 IJVs (49.43%) from Finland, 23 IJVs (25.84%) from Sweden, 13 IJVs (14.69%) from Denmark, and 9 IJVs (10.11%) from Norway (cf. Figure 3). Likewise, in terms of the regional locations of the IJVs studied (i.e., where they operated), they were, by continent, located mostly in Asia, with 49 IJVs (55.05%), being located across the continent (Ali 2013). After this, the Central and Eastern European region followed with 16 IJVs (17.97%), Western Europe's 11 IJVs (12.36%), Latin America's 7 IJVs (7.86%), North America's 5 IJVs (5.62%), and Africa's 1 IJV (1.12%) (ibid. 2013). In this way, figures representing the descriptive statistics of the data set, as presented by Ali (2013), are included below (cf. Figure 4):

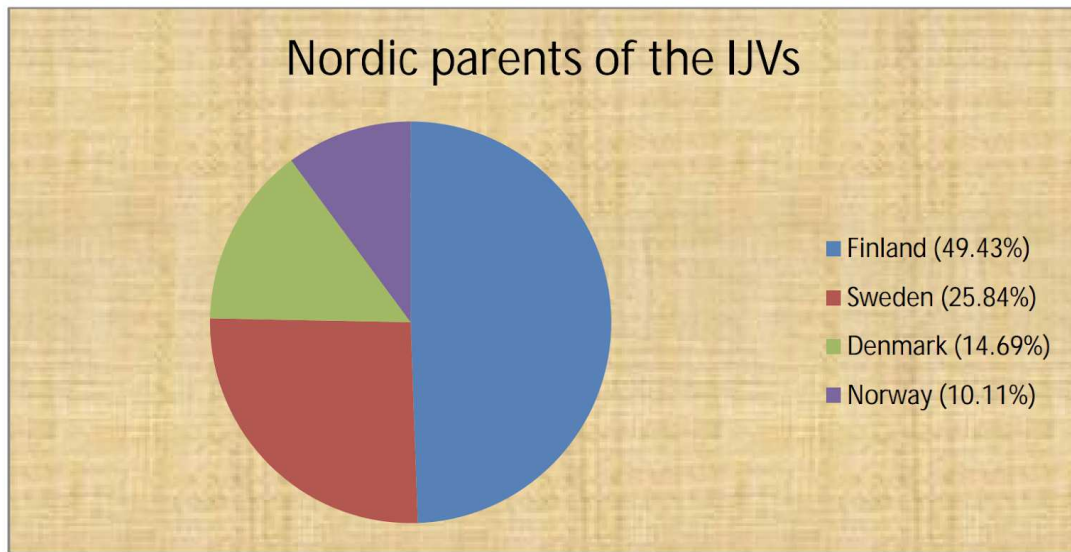


Figure 3. National distribution of Nordic IJV parent firms (Ali 2013: 108)

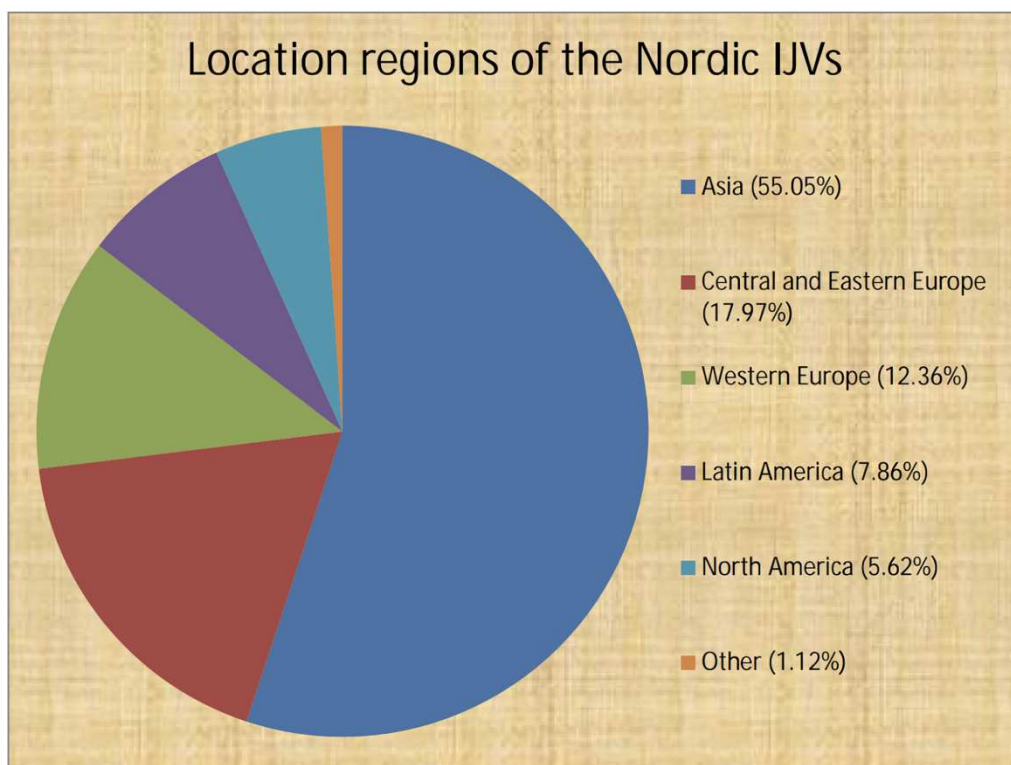


Figure 4. Geographic distribution of IJV location (Ali 2013: 109)

Additionally, to briefly summarize other important dimensions of the data relevant to a consideration and review of the IJVs observed in written, rather than graphical, form,

most IJVs studied were owned through a majority ownership structure, with 46 IJVs being owned in this way. In contrast, 24 of the IJVs were minority-owned while the remaining 19 IJVs were under an equal (i.e., 50%-50%) ownership structure. Relatedly, around half of the IJVs observed (45 IJVs) were formed as greenfield IJVs while the other half (44 IJVs) was formed via the use of acquisitions. (Ali 2013)

In this respect, by analyzing and understanding the underlying dimensions and descriptions of the data being used in the study one can gain a better understanding of the data. Moreover, by comprehending what frequencies define the data outlined and presented initially by Ali (2013) (e.g., the frequency of Latin American IJVs in the data set or how often a studied IJV out of the 89 was created through acquisitions), one can gain a stronger understanding of the following empirical results from the quantitative study conducted.

4.2 Empirical results

In order to effectively and clearly convey the results from the empirical quantitative study, several approaches were incorporated into this chapter. Firstly, Table (2) offers a brief and concise overview of the study's results with regard to the hypotheses stated at the end of this thesis' literature review. As a whole, these five distinct hypotheses, which cover the conflict-performance relationship in IJVs and relevant moderating factors, were tested through conducting a statistical analysis of the data. As previously explained, these statistical tests of the available sample of 89 IJVs (via SPSS) allowed for regression-based connections between variables to be ascertained and gauged, according to the statistics resulting from the analysis. Moreover, these regression analyses were consistent with similar qualitative studies in the field, including a quantitative study conducted by Mohr and Puck (2005), which was an important structural guide for the quantitative approach and presentation methods encapsulated in this thesis' empirical study.

Beginning with the summarized results presented in Table 2, the regression analyzes conducted differed slightly between the first hypothesis tested and the subsequent four hypotheses tested (i.e., H2 through H5). Specifically, H1, which was aimed at a more overarching, general relationship between conflict and performance in IJVs, concerned the entire data set and did not separate, split, or discern between subgroups that were established for the purposes of studying H2 through H5. In this case, eight subsets were created to represent the variable relationships and moderating impacts associated with the choice to use or not use each of the four conflict resolution strategies. Accordingly, H2 through H5, which were specifically targeted as assessing the moderating effects of the four conflict resolution strategies as moderators on the conflict-performance relationship, had to be approached differently.

It was decided that in order to effectively ascertain the true moderating effect of these CSR approaches, a regression analysis would have to occur after splitting the data between the IJVs that used and did not use each respective CRS. In this way, a regression was done after this separation of the sample, thus allowing for conclusions to be drawn by comparing the coefficients (as an indicator of the conflict-performance relationship), which were specifically linked to the use (or the by the absence of the use) of each CRS by IJVs. Ultimately, by comparing Beta regression coefficients produced by the statistical regression analyses, the empirical data generally supported all of the hypotheses drawn from the existing literature and theories evaluated earlier in the thesis. From here, a discussion of the empirical results of the thesis can progress to the specific regression-related data and statistical results of the study, as are presented in subsequent tables and graphs.

Table 2. Summarized of study hypotheses and empirical results

Hypothesis		Testing method	Empirical support
H1	Conflict has a negative impact on IJV performance	Regression analysis of sample	YES
H2	Problem-solving negatively moderates the relationship between conflict and performance	Comparison of regression analysis results between sample subsets	YES
H3	Compromising negatively moderates the relationship between conflict and performance	Comparison of regression analysis results between sample subsets	YES
H4	Forcing positively moderates the relationship between conflict and performance	Comparison of regression analysis results between sample subsets	YES
H5	Legalistic positively moderates the relationship between conflict and performance	Comparison of regression analysis results between sample subsets	YES

In addition to the brief summary included above, it is also crucial to demonstrate the general regression analysis outcomes reflecting control variables and the general regression coefficient results occurring between the variables of conflict and performance in the data. As a whole, these results encompass a clear negative relationship between the level of conflict and performance and demonstrate a statistically significant relationship with strong evidence in support of the negative relationship between conflict and IJV performance (with more conflict leading to lower performance levels). Additionally, the figures in the table below encompass control variables along with the R-squared value, adjusted R-squared value, F value, and the standard error of the estimate, as yielded by the SPSS regression analysis.

Table 3. General IJV performance regression results with conflict and control variables

IVJ Performance (Regression Beta coefficients):	
Level of conflict	-0.69***
Control variables	
IVJ age	0.08
IVJ experience	0.11
Statistical markers (ANOVA)	
R²	0.49
R² Adjusted	0.47
F	27.52***
Standard error of estimate	0.68

N.b.: *=P<0.1; **=P<0.05; ***=P<0.01

†Standardized coefficient Betas were used, where relevant, for regression variables.

Progressing to the core of the regression analysis of the data and what levels of quantitative understanding it yielded for the study, the table below delineates the data and sub-groups for each of the four moderating variables. As previously established, for each of the variables (i.e., the conflict resolution strategies), the data was split and analyzed according to whether companies used or did not use the CSR. From there, the regression analyses yielded both regression R-squared values and F values from the accompanying ANOVA analyses. More precisely, the regression of analysis of each subgroup and its relationship to the dependent variable (i.e., IJV performance), produced a regression Beta coefficient, which corresponds to each subgroup's level of correlation to the variable of IJV performance.

The differences between these coefficients were compared to draw the conclusion of whether empirical support for the hypotheses existed within the data used. Additionally, to help address any possibilities linked with structural breaks in the regression data and aid in an explanation of the differences between the regression coefficients of subgroups tied to the same moderating variable, a Chow test was conducted separately, as if often done in other quantitative studies in the literature (e.g., Mohr & Puck 2005).

Beginning with H2, the hypothesis regarding the problem-solving strategy showed a decrease between statistically significant Beta coefficients yielded by a regression analysis of subgroups of the dataset wherein IJVs did not and did use problem-solving, respectively. As the use of the strategy increases the regression Beta coefficient by making it less negative (from -0.79 to -0.21), thus showing a negative moderation of the conflict-performance relationship. In this way, H2 was confirmed and further supported by the Chow test's analysis of the subgroups' coefficients. In a similar manner, the regression analysis of the compromising subgroups progressed the same way, demonstrating an increase in the Beta coefficient (from -0.78 to -0.18), thus demonstrating that, as congruent with H3, compromising negatively moderated the conflict-performance relationship and decreases the negative effects associated with conflict's impact on IJV performance.

As for the following two moderating variables and their subgroups, the regression analysis for forcing demonstrated a lower (more negative) Beta coefficient when the forcing strategy was used (from -0.50 to -0.80), thus reinforcing the hypothesis stated in H4. Finally, the regression analysis of the legalistic strategy showed similar results as the Beta coefficient (from -0.50 to -0.87) when the strategy was applied by the IJVs studied, supporting H5. Furthermore, for all the moderating variables studied the Chow test critical values (three of four of which were significant beyond the 5% level of significance) demonstrated that the regression model was consistently solid and thus did not need to be reworked on account of structural breaks in the regression data. Likewise, the Chow test values helped to explain and validate the differences that

existed between the Beta coefficients of the variables' subgroups, as calculated by the regression analysis of the subgroups, and the variables in the dataset as a whole.

Table 4. Relationship performance regression results by moderator variable subgroup

Moderating variable	Dependent variable	Moderator sub-group	Regression R square adjusted value (ANOVA)	Regression Beta coefficient	Chow-test
Problem-solving	IJV performance	Problem-solving used Problem-solving not used	0.03 (F=2.69) 0.61 (F=42.29)	-0.21* -0.79***	F=7.397*** (p=0.008)
Compromising	IJV performance	Compromising used Compromising not used	0.01 (F=1.77) 0.59 (F=47.84)	-0.18 -0.78***	F=6.680** (p=0.012)
Forcing	IJV performance	Forcing used Forcing not used	0.64 (F=69.51) 0.24 (F=16.07)	-0.80*** -0.50***	F=3.037* (p=0.085)
Legalistic	IJV performance	Legalistic used Legalistic not used	0.75 (F=67.70) 0.24 (F=21.23)	-0.87*** -0.50***	F=5.716** (p=0.019)

N.b.: *=P<0.1; **=P<0.05; ***=P<0.01

To further illustrate the results yielded by the regression analysis of the subgroups and associated conclusions about the moderating variables, graphs are included below that show the R-squared linear values of each moderating variable's two subgroups. In this way, by using the R-squared linear values as slopes on a graph of the dataset's distribution for each moderating variable (as an independent variable) plotted against the dependent variable on the y-axis (i.e., IJV performance), one can see how the coefficients and regression analyses referred to in the previous table correspond to the variables at play. Specifically, as showcased by the first graph, covering the problem-solving strategy, the group that did not use problem-solving had a lower slope (corresponding to this subgroup's lower Beta coefficient) than the subgroup that did use the strategy. In this way, the results of Table 4 are reflected in each of the following

graphs, effectively adding a greater degree of visual support to this section's conclusion that the study provided empirical support for the hypotheses drawn in section 2.8.

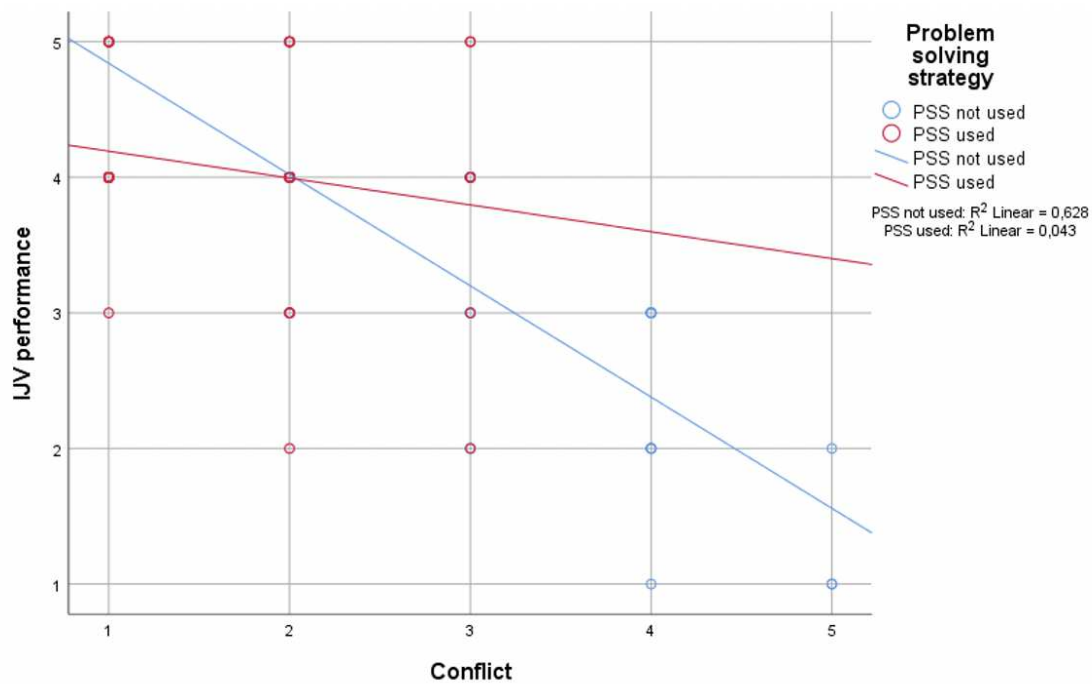


Figure 5. Scatterplot graph of R-squared linear regression for problem-solving subgroups

As illustrated in the scatterplot above, the best-fit lines included above show a negative linear trend for both subgroups (composed of IJVs that used vs. did not use the strategy), which is less negative when the problem-solving strategy is used (denoted by the red points and line). In this way, the fact that the slope of this red line is flatter (i.e., less negative), clearly shows that even as conflict levels rise along the x-axis, the dependent variable (IJV performance) is not as significantly lowered in comparison to when the problem-solving strategy is not used (denoted by the blue points and line). As a whole, this graph serves as a poignant illustration of the impact that this CRS can have in addition to why there is statistical evidence in support of H2.

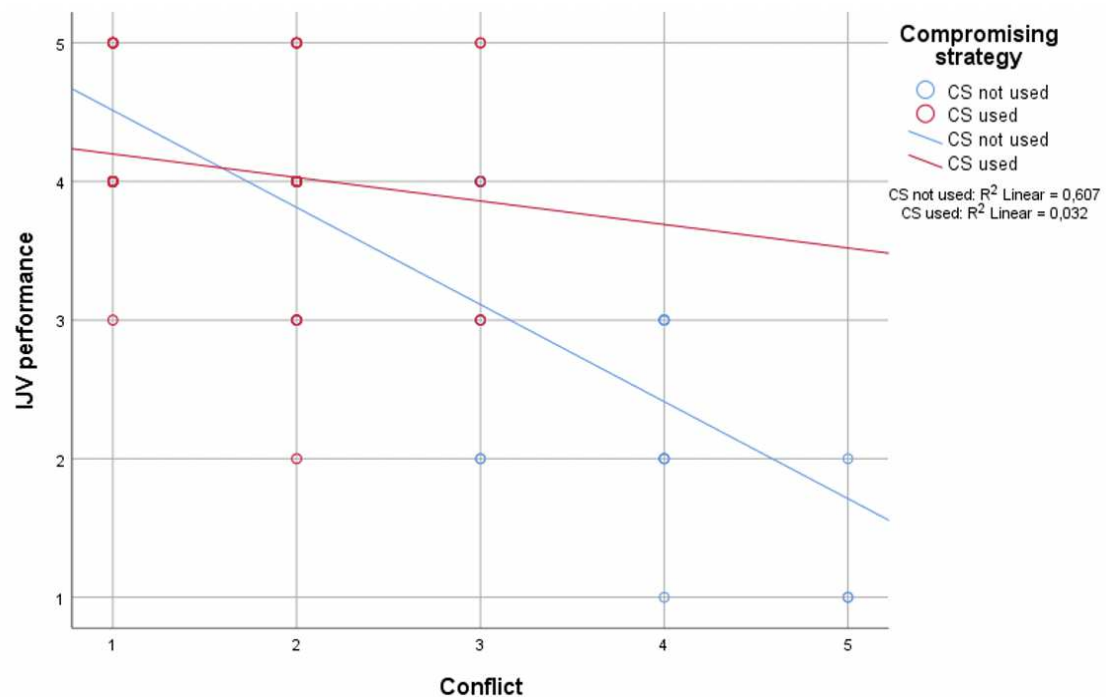


Figure 6. Scatterplot graph of R-squared linear regression for compromising subgroups

As with the previous graph in Figure 5, this graph shows a similar situation for the compromising strategy which reflects the underlying theoretical similarity that this CRS bears to the problem-solving strategy. Specifically, the slope of the line is less negative when the compromising strategy is used when directly compared to the blue line, which illustrates the progression of conflict when the strategy is not applied in an IJV. Likewise, this further shows support for the underlying theory behind the compromising strategy and yields support for H3.

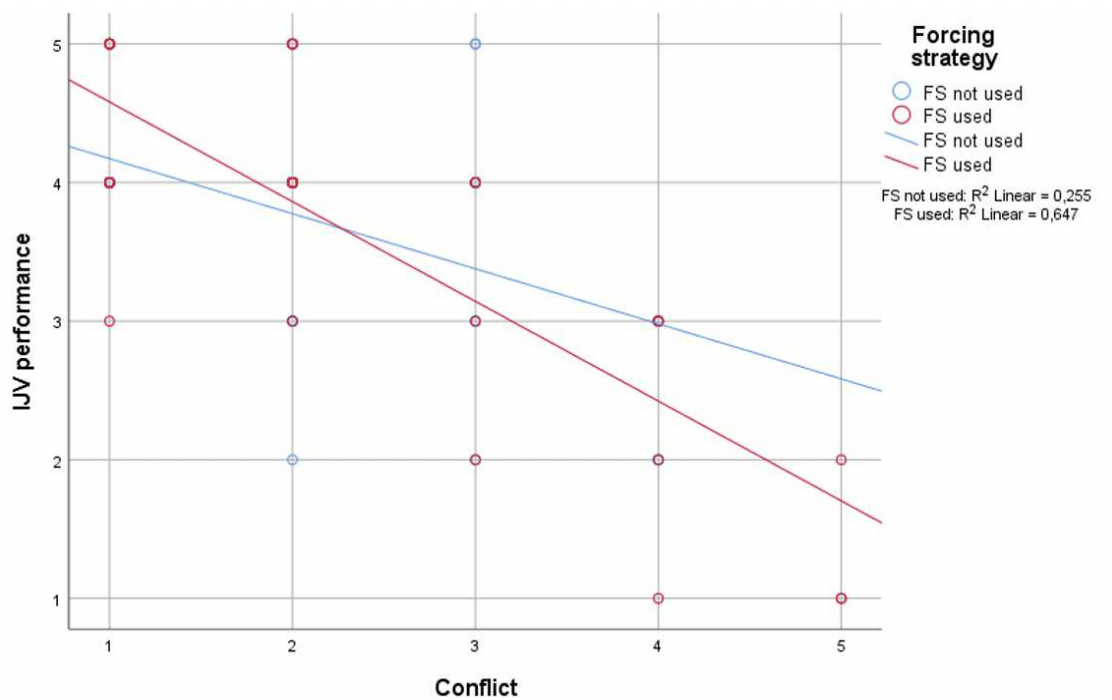


Figure 7. Scatterplot graph of R-squared linear regression for forcing subgroups

In stark contrast to the first two graphs and their corresponding conflict resolution strategies, the graph in Figure, 7, which displays results for forcing subgroups, tells a different story. Specifically, as shown above, the line denoting a best-fit for instances where the forcing strategy is used shows a slope that is more negative than the corresponding blue line, which is a best-fit for cases where the strategy was not used. As with other cases, this practical illustration across the x- and y-axes serves as a clear demonstration of the degree to which companies saw different results with regard to conflict and performance when the forcing strategy was used versus when it was not used. As a whole, this serves as further regression-based support for H4.

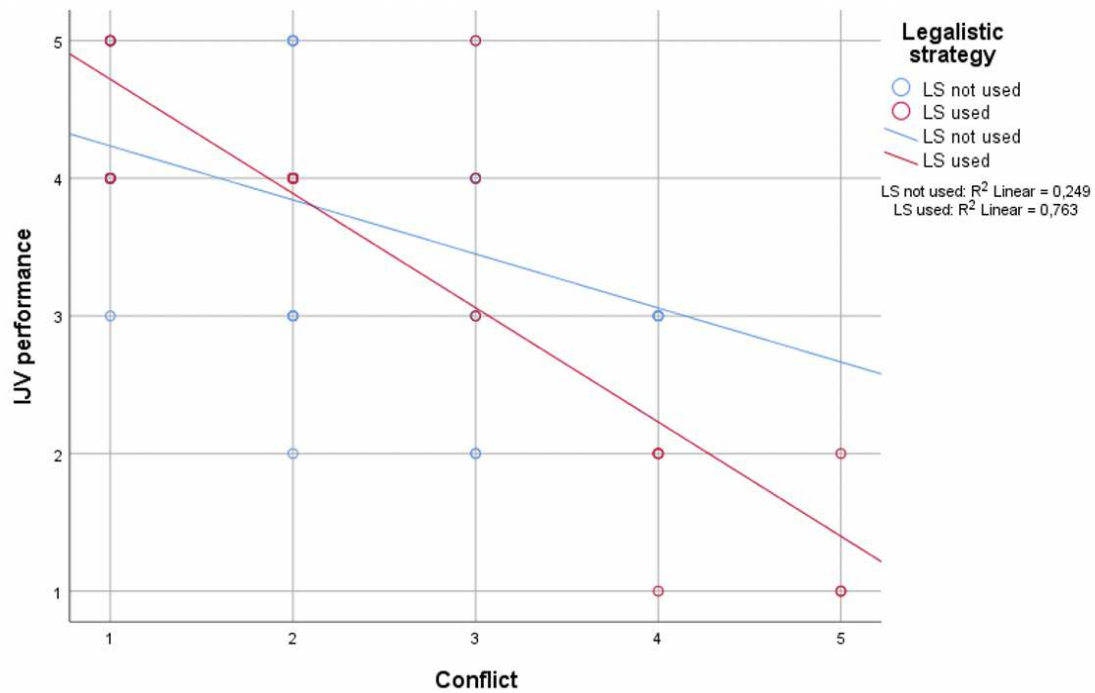


Figure 8. Scatterplot graph of R-squared linear regression for legalistic subgroups

Finally, the graph presented in Figure 8 shows another clear difference between the regression-based best-fit lines for cases in which the legalistic strategy was used versus when it was not used. In particular, this graph underscores that the legalistic strategy, in effect, has a similar impact on IJV performance when compared to the strategy of forcing. Specifically, both have a generally negative relationship on IJV performance, insofar as they tend to reduce IJV performance when applied by firms in IJVs. This moderating relationship is highlighted by the more negative slope of the red line (where the legalistic strategy was used). As with the other figures and their respective hypotheses, this further shows support for H5. Additionally, like the other graphs, a Chow test was used on the results of the other regression results to test for structural breaks. After the test, however, it was shown both by the statistical results (and reiterated by the visual results of the graphs) that no serious structural breaks exist in the data that need to be amended in order for the data to retain its integrity.

5 Discussion

As the primary purpose of this study was rooted in understanding the conflict-performance relationship in IJVs and ascertaining the moderating impact of the CRS approaches on this relationship, it is crucial to discuss what the study's findings express within the context of the study's purpose. To help clarify the discussion provided in this section, it is also vital to understand the research question which undergirds this thesis' research. Namely, the research question asks, *"What is the impact of conflict on international joint venture (IJV) performance, and how do conflict resolution strategies moderate the relationship between conflict and IJV performance?"* Accordingly, the aim of this section is centered on the need for further commentary and analysis regarding the aforementioned findings. For this reason, special attention will be given to how conflict affects IJV performance and the roles that conflict resolution strategies have on the conflict-performance relationship. Moreover, this section will help prime the flow of the text for a subsequent explanation of the study's findings through a more practical lens, as the conclusions reached by this thesis and implications of its findings will be introduced and expounded upon in the following chapter.

In effect, this discussion portion of the thesis hopes to both recapitulate empirical results of the study's findings while also comparing the results found from the study to existing conceptual and empirical findings which have, in aggregate, shaped the existing field of knowledge. Therefore, building upon the goal of this study to investigate the conflict-performance relationship in international joint ventures within the moderating context of the conflict resolution strategies, the study involved a statistical analysis of the data collected from the 89 Nordic IJVs analyzed. Empirically, the study yielded support for the hypothesis pertaining to the negative effect conflict can have on IJV performance while also supporting the positive impact of problem-solving and compromising and the negative effects of forcing and legalistic strategies on IJV performance, with each of the CRS approaches acting as a moderator.

5.1 Results related to the conflict-performance relationship

Before delving deeper into a comparison and discussion of the position the empirical results of this study occupy within the body of existing literature in the field of IJV research, it is first necessary to fully understand what the empirical portion of this study yielded in terms of results. Beginning with the conflict-performance relationship in IJVs that was observed among the 89 Nordic IJVs surveyed, it was clear that empirical data pointed to a negative relationship between conflict and IJV performance. In fact, from a statistical perspective, this component of the study's hypotheses was strongly supported to the 1% level of significance, as determined by the p-values calculated via the regression analyses. In this sense, this study's assessment of the conflict-performance relationship suggests the presence and level of conflict present among IJV partners have an unequivocally strong bearing on the degree to which IJV partners are able to reach what they regard as IJV success (i.e., superior performance).

In this way, the results seem to suggest that as the level of conflict increases between partners in an IJV structure increases, the level of performance that an IJV experiences is likely to decrease. Consequently, this aligns with the general understanding reached in the finding sections since the Beta correlation coefficients pointed in a generally consistent direction with regard to the underlying conflict-performance relationship in the data study (i.e., a negative direction).

To better understand and discuss what these results and findings mean within the context of existing data and research, it is important to first apply logic to discuss these findings and then relate these findings to prior publications. Through doing this, one can gain a deeper understanding of whether or not these findings are congruent with existing findings and how the results are supported by existing conceptualizations of the conflict-performance relationship. With regard to the logical approach regarding the conflict-performance relationship, the results found quantitatively in this study are generally consistent with a logical understanding of the phenomena of conflict and performance.

Specifically, by applying the definitions of these two terms, one may assume that as conflict becomes more pervasive within an organization, the counter-acting forces that caused the conflict to arise and the conditions that have bred the underlying friction between partners within the IJV would, in effect, hinder the ability of the IJV to develop and succeed over time. In this way, such an understanding of the conflict-performance relationship is consistent with the hypothesis (i.e., H1) given in section 2.8, as conflict is generally understood to be a source of negative outcomes, both from an academic perspective and in terms of the concept's use and meaning in common business parlance. Likewise, when conceiving of a conflict-oriented situation in an IJV, it is understandable that managers, and even entire IJV partners, with wildly different approaches, needs, and goals may find it difficult to accomplish vital strategic business goals, or even cooperate enough to keep the IJV in a productive state.

Building on this logical understanding of the results found by the study and the underlying reasoning behind the conflict-performance relationship, it is also important to articulate where this information fits within the existing literature and previous studies of conflict and performance. For example, harkening back to previously referenced works that formed the basis of this thesis' literature review, the works compiled by De Dreu and Weingart (2003) along with the studies Liu, Fu, and Liu (2009), and, famously, Fey and Beamish (2000) all point to the presence of a negative relationship between conflict and performance, which is especially relevant to the findings of this study within the context of IJVs. In particular, Fey and Beamish's look into the role of joint venture conflict is especially apropos to this discussion, as it iterates a similar theme that is echoed by the sources previously listed (in addition to others), namely, that conflict negatively impacts the performance of an IJV (2000). Moreover, their study's quantitative findings, which have strong statistical support to the 1% level of significance (i.e., -0.90 regression coefficient), bears similarity to the results present in this study's findings (Fey & Beamish 2000: 154).

In this respect, the findings of this study can be said to fall into the common understanding that is present in the existing literature. In truth, this element of the existing literature was the most prominent and had the greatest amount of data, studies, and articles that either alluded to or directly supported the negative relationship inherent in the conflict-performance relationship. By taking prior studies into account in this discussion, one can see that this study is generally consistent with the views espoused and the conclusions reached by a wide array of other authors. Thus, the statistical analyses encapsulated in this study adds another conforming point to the wider collection of knowledge and papers that generally posit a similar position, that conflict bears a negative relationship to performance within international joint ventures.

5.2 Results related to the moderating factors

Another important factor to consider in a discussion of the findings of the study relates to the impact of the moderating factors, which were integral to the purposes and focus of this study. As with the previous section, it is first necessary to present the impact found through studying the study's 89 Nordic IJVs before articulating the relevant logical implications of the findings and relating the findings to previous findings in the existing literature.

As presented in the previous chapter, the study's analysis of responses from the 89 IJV respondents yielded clear statistical conclusions related to the moderating impact of the four conflict resolution strategies. Specifically, as per the hypotheses formulated about these four moderating variables (which were each based on the underlying conceptualizations and theories tied to the CRS approaches), the problem-solving and compromising CRS approaches have a generally positive impact on IJV performance. In contrast, the strategies of forcing and legalistic seemed to hinder rather than help, ultimately negatively affecting IJV performance.

In this way, the general impacts of the moderating factors in terms of their respective abilities to aid IJVs in handling/resolving conflict was clearly displayed by the regression analyses, which showed statistically strong evidence in support of the ways in which each CRS approach affected the conflict-performance relationship and, in a greater sense, the performance of their IJVs. Moreover, these empirical results served to further solidify the effective link between problem-solving and compromising as well as the ostensibly bond between forcing and legalistic. This is because each of these CRS pairs have generally similar effects on IJV performance, as supported by the data. Namely, problem-solving and compromising are more helpful to the improvement of IJV performance in the face of conflict while the forcing and legalistic approaches seem, based on empirical results, to negatively affect IJV performance.

Now that this empirical basis of the discussion of the moderating factors is established. It is necessary to both reassert and discuss the logical underpinnings for these findings and then clarify the place of these empirical findings within the larger body of literature on the subject of the CSR approaches' roles within the conflict-performance relationship in IJVs. From a logical perspective, the underlying reasons behind why the moderating factors act in the way they do on the dependent variable (IJV performance) is likely linked to the more or less coercive dimensions that are core to each of the CRS approaches.

For instance, as presented initially in 2.8, the inherent qualities of problem-solving and compromising as more tolerant, cooperative strategies likely makes them a more solid choice for IJV partners that are seeking to talk through conflicts within their IJVs and, in effect, solve their issues, instead of exacerbating them. In this sense, the logical underpinnings support the findings yielded by the study and are indicative of the reasons behind the trends that are presented in the previous chapter's tables and graphical presentations of the analyzed data of the study.

In a similar vein, the other two moderating CRS approaches studied, namely, the forcing and legalistic strategies, are similar in an inverse respect. Specifically, when viewing these two strategies through a logical lens, it becomes apparent that the inherently standoffish nature of the forcing and legalistic approaches are more like to beget future conflict as parties using more coercive approaches may upset other partners in their IJVs or foment negative sentiments within the structure of the IJV. In this way, the results found by this study echo a logical understanding of the CRS approaches themselves, as forcing and legalistic approaches may, due to their very nature, impede the ability of partners to work cooperatively, thus hindering IJV performance and creating the moderating effect that was displayed in the study's findings.

Thus, to help further discuss the place that this study and its findings occupy within the existing literature and the field of existing knowledge, it is crucial to compare the findings to those of previous studies to gain invaluable context for the implications of this study. Notably, the novelty associated with the study itself and the findings related to IJV performance and the four CSR approaches makes the act of finding relevant comparable studies more complex. However, by using conceptual, rather than solely empirical, studies a better understanding can be presented regarding these CRS approaches, as the existing literature related to the CRS approaches and their moderating effects in IJVs is relatively limited.

Notably, to present a basic conceptual context in which one can place the findings of this study, one can turn to the original researchers of the CRS approaches, namely, Lin and Germain (1998). In particular, the writings of these two authors about the nature of the four CRS are important foundations for understanding how this study's results conform to the existing literature. As both the conceptual and empirical elements of Lin and Germain's study express, the general business impact of the problem-solving and compromising approaches generally point in the direction of being less oppositional approaches to the attainment of superior levels of satisfaction in business relationships,

though the study generally fell short of analyzing the direct nature of the CRS approaches' moderating effect (and its effect within IJV structures) (1998).

In this sense, arguably one of the most important elements that this seminal study serves in terms of contextualizing a discussion of this thesis' findings is its conceptual foundations for the CRS approaches as moderators. Specifically, the conceptual model that was built by Lin and Germain, and similarly echoed by Lu (2006), paints a picture centered on the idea that problem-solving and compromising are the approaches that yield better business results due to their comparative lack of coercion (i.e., in the ways that they are executed in practice) when compared against the forcing and legalistic strategies. In effect, this study's empirical findings are unequivocally in agreement with the general empirical and conceptual conclusions of the aforementioned previous studies. This is because they illustrate a clear link between the effect that each of the four CRS approaches has on the conflict-performance relationship and the dependent variable of IJV performance as a whole, with problem-solving and compromising producing better impacts on IJV performance in comparison to forcing and legalistic strategies.

Likewise, on the more relevant side of past empirical studies, the study conducted by Nguyen, Larimo, and Ali (2015) points to a clear relationship between the CRS approaches and IJV performance that is consistent with what was found in this study's analysis of the CRS strategies as moderating factors in IJVs. Specifically, Nguyen, Larimo, and Ali's empirical study's application of a binomial logistic regression analysis of the data observed points to a similar statistically supported conclusion. Namely, the study also points to problem-solving and compromising yielding positive results on IJV performance, in addition to the forcing and legalistic strategies' negative relationship with the same variable of IJV performance (2016).

In this sense, after reviewing both components from the existing body of literature and results from previous studies that fall within the same domain of IJV research and

understanding, the conclusions and findings of this study related to each of the CRS and their effect on IJV performance generally matched the information present in the literature. By evaluating what other authors have posited, both from a conceptual and empirical perspective, the moderating impact of the problem-solving, compromising, and forcing conflict resolution strategies were undergirded by the assumptions and findings of prior studies, nearly all of which provided highly conclusive evidence in support of hypotheses which mirrored the ones drawn up for this study. Moreover, by applying an understanding of the literature and the potential moderating effects of the CRS approaches from a logical perspective, the moderating effects of the CRS approaches as moderating variables were congruent with the qualities and prerequisites inherent in how firms actually apply each of the four strategies in practice. Therefore, the study's findings regarding the conflict-performance relationship in IJVs and the impact of the moderating factors observed in the study were generally consistent with the conceptual and empirical findings of other authors who studied similar IJV-centric dimensions in the past.

6 Conclusions

As a part of this final chapter of the thesis and its coverage of the subject of conflict and performance, conclusions will be drawn that seek to reflect the lessons learned from the study. In particular, the conclusions of the thesis aim to express the core ideas yielded from the empirical study of the data observed while also offering insights into the true nature of conflict and performance in IJVs. Moreover, as the study discusses the novel moderating factors as a part of the study, the conclusions also intend to offer practical implications that can be used by actual managers in IJV contexts. In this way, a clearer understanding of the conflict-performance relationship and its moderators in IJVs can be offered to create a more robust field of existing knowledge.

To recapitulate the essence of this study, the main objective of the thesis was to *“investigate the relationship between conflict and performance in international joint ventures with the moderating effects of conflict resolution strategies”*. To help accomplish this, a comprehensive review of existing knowledge and literature was undertaken, effectively allowing for the compilation of the underlying theories that constitute and conceptualized conflict and its relationship to performance in IJVs. Moreover, this understanding yielded further context for the place of social exchange theory and game theory as central considerations for the study. Empirically, 89 Nordic IJVs operating across the world were surveyed and their responses were analyzed statistically. This yielded support for the literature-based hypotheses formulated; specifically, the regression analysis conducted showed strong support for the negative impact conflict has on IJV performance. Likewise, the regression results suggest that the problem-solving and compromising conflict resolution strategies have a positive moderating impact on IJV performance, while the forcing and legalistic moderating strategies were shown to have a negative impact on IJV performance.

6.1 Theoretical contribution

When analyzing the potential impact of this study in tandem with the research niche that this study occupies, one may draw conclusions related to the theoretical contributions of the study. Specifically, the study's main contribution to the existing theory primarily draws from the previous lack of studies in the field of IJV research related to the moderating factors with regard to the conflict-performance relationship (Nippa & Reuer 2019). In this way, this study provides an array of theoretical contributions linked to the findings of the study. To better analyze these elements, this study's theoretical contributions can be divided into three distinct categories.

Firstly, this study strongly reinforces the empirical connotations of the previously established theoretical link between conflict and performance by reasserting the negative relationship between conflict and performance. In this way, the theoretical foundation expounded upon in the research of Anderson and Weitz (1992), Hebert (1994), Tillman (1990), among others, was given added empirical and theoretical support. Moreover, this study's focus on more contemporary IJVs and IJV partners from Nordic nations adds to the existing pool of theoretical knowledge by displaying contemporary patterns that undergird existing theories and provide novel insights that may be further developed into new relevant theories. As a whole, the strong quantitative empirical evidence encompassed by this study's research adds to the common understanding of how the nearly ubiquitous phenomenon of conflict impacts performance, from a subjective perspective. Beyond this element of this thesis' contribution to the existing theory, it also expands on other crucial theoretical foundations.

The second important theoretical contribution of this study is its ability to synthesize crucial elements of the theoretical and empirical research put forth by authors including Lin and Germain (1998), Lu (2006), and Nguyen, Larimo, and Ali (2015) with other empirical explorations and investigations of conflict and performance in the body of existing literature, which assert that conflict has a negative impact of performance (cf.

Fey & Beamish 2000; Habib 1987). In this way, the outwardly self-evident elements of the theories posited by Lin and Germain were solidified by the empirical results of this study. This ability to link together theoretical conceptualizations with empirical results is also reflected in the third area of the study's theoretical contribution.

Specifically, this third area of the study's contribution involves the study's ability to expand the existing body of knowledge pertaining to the conflict resolution strategies as moderating factors. This contribution of the thesis, which is arguably the most relevant contribution with regard to the research objective of the thesis, provides empirical support as to their practical effects of the moderating factors on actual firms in the context of IJVs and Nordic partner firms within IJVs. In this way, while many theoretical discussions of the CRS moderating factors touch upon the potential impacts of the application of each strategy, this study differentiates itself by showing actual evidence as to how these theoretical bases manifest in the real world. In effect, the practical, empirical application of exciting theory and the demonstration of whether certain CRS strategies positively or negatively moderate the conflict-performance relationship in IJVs provides a unique contribution to the field of IJV knowledge.

6.2 Managerial implications

In addition to the contributions that this study can add to the theoretical side of IJV knowledge, the study also has important implications for managers in the field. Specifically, the research at the core of the study reveals lessons that can be directly applied to IJV structures by managers. Moreover, by using the findings of this study, IJV managers may be more cognizant of the benefits and limitations of conflict resolution strategies as they relate to the management of the conflict-performance relationship. Consequently, the relevant managerial implication of this study can be further subdivided and concentrated into four primary areas that apply to the process of engaging in an IJV relationship as well as handling and understanding conflict when it

arises. To more easily and clearly describe these areas, these managerial implications will be enumerated in the form of a list.

1). When engaging in an IJV, firms should be cognizant and prepared for the eventuality of conflict. More specifically, leaders must be aware of the potential detriments to IJV performance that can be brought about by the occurrence of conflict. By extension, firms should conduct analyses to evaluate the risk associated with conflict and understand the underlying causes and types of conflict in order to assess the possibility of conflict as a likely liability in an IJV structure. As a whole, this preliminary managerial step should be done with immense caution and foresight, as being able to anticipate potential conflict-related flashpoints before the creation of the IJV may save the engaged parties time, resources, and administrative complications, if conducted properly.

2). When conflict occurs in an IJV structure, managers should take an active approach to mitigate it, as leaving it to manifest and develop can translate to massive negative effects on the performance of the IJV. Moreover, as conflict occurs, IJV managers must be knowledgeable as to their arsenal of conflict resolution strategies. As displayed by the strategies featured in this study, managers may choose to espouse the four-pronged CRS approach that underscores a choice among the problem-solving, compromising, forcing, and legalistic strategies.

3). In order to yield better IJV performance, managers who aim to manage conflict with relation to performance in IJVs should be cognizant of applicable conflict resolution strategies from the start. This can be accomplished by understanding the theoretical underpinnings of the primary approaches to strategic conflict mitigation and management in IJVs. On a practical level, this may necessitate managers to understand what each one of the four strategies entails and how they may be implemented in their respective firms. Through accomplishing this, managers may

better understand the impact and potential moderating impacts of their attempts to handle conflict.

4). As managers select methods of handling conflict as issues arise between the partners in their IJVs, they must understand the impact that conflict resolution strategies have with regard to their ability to impact conflict and, by extension, IJV performance. In particular, as described by the study, managers seeking a CRS-oriented approach that can assuage conflict and lead to better IJV performance more effectively may opt for the more communicative, tolerant strategies of problem-solving and/or compromising. In contrast, they may choose to shy away from exclusively legalistic strategies, which is shown to be less conducive to better performance as well as from forcing strategies, which are also shown to have an undesirable impact on the conflict-performance.

By being cognizant of these elements and keeping them at the forefront of their business approaches when operating internationally and managing IJV structures, managers and IJV leaders are likely to be better prepared and more solidly positioned to handle conflict-related difficulties as they arise, thus providing them with a more robust and empirically supported path toward attaining better IJV performance and sustainable positive results for their international joint ventures.

6.3 Limitations

Although this study aimed to encapsulate the strongest areas of research relevant to the subject and the field of IJV knowledge, several dimensions of the study were limited and thus could be improved. For example, the research of this study primarily focused on Nordic IJVs (i.e., those that operated alongside partners from other nations). In this respect, a primary limitation of the study relates to the potential bias associated with gaining one side of the performance equation with relation to IJV structure, as the Nordic partner was consistently the one observed. Consequently, limitations related to

geographic and/or cultural dimensions may be raised and should be central to future attempts at data collection and analysis. Likewise, as this dimension of the study does encompass a narrowness in terms of cultural/national scope (from the observed/studied IJV partner), attempts to generalize the findings of this study to all IJVs, and especially those from other national backgrounds, should be avoided in the absence of more comprehensive international research.

Additionally, as with other studies of IJVs, resources were present as to the underlying comprehensiveness of the data, as constraints existed with regard to both resources and time. In this way, although data from 89 IJVs were incorporated into the empirical analysis of this study, a greater number of Nordic IJVs (and IJVs in general) could have been observed to gain a somewhat fuller picture of the nature of the conflict-performance relationship in IJVs and the moderating effects. Accordingly, a study that had a more massive-scale approach, featured the dedication of a large amount of resources, and was spread over a longer period would likely have expanded the number of IJVs observed and thus may have deepened the perspective featured in this thesis' study.

In a similar vein, the depth of the questionnaires, while sufficient for the purposes and aims of this particular study, could have prodded deeper into the internal dynamics of IJVs. Ultimately, the subjective positions of respondents could have been even more fleshed out through a more comprehensive questionnaire that delved deeper into the moderating factors and their effects. Relatedly, additional education of respondents about the nuances of the moderating factors and IJV performance from a theoretical perspective (e.g., through a longer questionnaire) was not employed. This limitation may have impacted the responses and understanding of certain respondents in their assessment of IJV performance. However, such an approach was, understandably, not part of the initial data collection due to added complexities associated with longer, more convoluted questionnaires in data collection and quantitative analysis.

Also, as the field of IJV knowledge shifts continuously as a result of changes in how IJVs operate, a central limitation of the data and the study revolves around the applicability of IJV-related insights in current international business conditions, especially under the current defining circumstances in 2020, which alter the normal state of international commerce. As with other previous limitations, this largely chronological dimension of the data should preclude any undue generalizations of the findings of the study beyond the context within which the observed IJVs were studied.

6.4 Suggestions for future research

As one pivots from the results of this study of IJVs to prospects for future research in this area of IJV knowledge, it is vital to consider suggestions for future research. Taking the aforementioned limitations into consideration, several meaningful suggestions for future research can be formulated that build on the shortcomings of this study. For example, to rectify any issues associated with the Nordic orientation of this thesis' study of IJV, future attempts to research similar areas of IJV dynamics that seek an international understanding of relevant IJV phenomena should aim to incorporate a wider set of observed companies. Moreover, this data set should, depending on the purposes of the research, strive to incorporate a more diverse range of companies, which may reflect how the nature of the conflict-performance relationship is affected by the backgrounds of IJV partners.

Additionally, future research that aims to investigate the moderating factors (i.e., the conflict resolution strategies) and their effect on IJV conflict may strive to delve deeper into specific implementation patterns of the conflict resolution strategies. In this way, more comprehensive insights about the moderating factors may be revealed. Likewise, a research approach predicated on the exposure of respondents to more background information about the moderating factors and the conflict resolution strategies may be used to gain a more in-depth understanding of their use in IJV operations. Such an approach may also help future researchers ascertain information about relationships

present between the moderating factors and may reveal more accurate or dynamic findings related to the empirical basis of the findings and conclusions of this study. For this reason, an interesting prospect for future research may encompass the incorporation of a study of international IJV partners where a relationship between certain CRS approaches are studied (e.g., the historical use of forcing vs the current use of compromising in an IJV and any resulting effects).

Furthermore, in terms of more contemporary elements altering the landscape of international business and IJV operations, researchers may seek to replicate the study under current international business conditions to see if a current shift toward telecommunication approaches to international business structures and economic conditions affect how IJV conflict and performance manifest in practical settings. Moreover, conducting such a study under current business conditions may offer unique insights as to how IJV conflict and the use of CRS-oriented approaches can be shaped by external factors that, like the CRS moderating factors, can have an impact on IJVs. As a whole, incorporating the aforementioned elements into future IJV conflict and performance research may yield fascinating and useful insights that may be used in a variety of business contexts.

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